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IRAN:
Majles Passes New Budget Bill

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Majles Passes New Budget Bill

Report on 5 Mar 94 Majles Session

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[All figures as published]

[Text] **Legislative and Parliamentary Affairs Division. The Majles held two open sessions in the morning and afternoon yesterday. The second round of discussions of the 1373 [21 March 1994-20 March 1995] national budget bill concerning expenditures was examined and discussed. Yesterday, several notes received final ratification, as follows.**

Ratifications

The agenda of the open session of the Majles yesterday was the expenditures in the 1373 national budget bill, of which several articles were ratified by the deputies.

Single article. The 1373 national budget in terms of revenues and other sources of funds amounts to 69,772,752,987,000 rials [R] and in terms of expenditures and other payments, R69,772,752,987,000, as follows:

A) The general government budget in terms of revenues and other sources of funds and in terms of expenditures and other payments amounts to R32,303,350,687,000, as follows:

1) General revenues and other sources of funds, R30,048,946,179,000, and expenditures and other payments, R30,048,946,179,000.

2) The special revenues of ministries and government establishments are R2,254,404,808,000 and expenditures and other payments, R2,254,404,808,000.

B) The budget of government companies, banks, and for-profit organizations affiliated with the government in terms of revenues and other sources of funds amounts to R45,453,090,000,000 and in terms of expenditures and other payments, R45,453,090,000,000.

The government is granted permission to collect the revenues and other sources of funds stated in Section 3 of this law in conformity with the related laws and regulations in 1373 and to accept obligations and pay the expenditures of the ministries and government establishments as well as aid and other funds that are included in this law at the level of revenues and other sources of funds in 1372 [21 March 1993-20 March 1994] in conformity with related laws and regulations and on the basis of the description of the operations and activities of exchanged agreements and notes to this law, and based on the allocation of funds, except for the deprived regions and the agricultural sector, which are considered allocated at 100 percent.

The collection of revenues and payment of expenditures of government companies, banks, and for-profit establishments affiliated with the government, except for investment expenditures, of which the source of funds are from the general revenue funds (funds of the developmental projects) and are subject to the general financial and transactional regulations of the government and those of the banks and above-mentioned for-profit establishments, shall be permissible.

C) The government is responsible:

1) In the event of an increase in revenues from the line stated in this legislative article, for spending up to a ceiling of R964,564,500,000, based on the collected revenues, in quarterly increments, in accordance with Chart No. 1 of Section 10 of this law.

2) If the foreign currency revenues from the sale of crude oil increase from $10,154,300,000 up to $845 billion or its rial equivalent, to spend the collected revenues in quarterly increments, in accordance with Chart No. 2 of Section 10 of this law. Any surplus in the above-mentioned amount shall be allocated to the repayment of the foreign currency obligations of the country in addition to the amount established in Paragraph 1 of Note 29 of this law.

D) Should an increase occur in general revenues over the amount stated in Paragraphs A and C, the government is granted permission to accept obligations and pay up to R2,220,000,000,000 from the increased general funds from the implementation of projects stated in Section 5 of Attachment No. 1 of the law, and also the shortage of current funds of the executive organizations stated in Section 4 and the shortage of developmental project funds stated in Attachment No. 1 of this law, in conformity with the related laws and regulations and on the basis of the description of the operations and activities of exchanged agreements and the allocation of funds.

Note 1. which concerns revolving funds, shall be examined at the end of the bill.

Note 2.

A) In 1373, any change in the budget figures of the following government companies must be ratified by the Majles:

1) The National Iranian Oil Company, the National Iranian Natural Gas Company, the Ahvaz Steel Complex, Mobarakeh Steel, Shahab Khodrow, Iran Khodrow, Iran Vanet, Saypa, Zamyad, Pars Khodrow, Iran Tobacco, Iran Tractor Manufacturing, the Consumer Protection Organization, the Voice and Vision, the National Industries Organization, and the Treatment Services Organization of the Defense Forces.

The general assemblies or the supreme councils of other companies, banks, and for-profit establishments stated in Section 8 of this bill are granted permission to change the figures concerning the 1373 budget of related companies and for-profit establishments stated in Section 8 of this bill on the basis of government policies or decisions that they are permitted to make in accordance with the charters or laws of the above-mentioned establishment of companies and establishments, or if it will result in production increases or other major activities of the related company or for-profit establishment, or based on necessity due to the fluctuation of prices or other economic and financial changes, on the basis of the charter used, provided this change firstly does not cause a decrease in the tax figures and the projected profit of the shares of the government in the above-mentioned chart and, second, that it will not increase the level of use of the company or the for-profit establishment of the general budget of the government. The general assemblies or supreme councils of companies and establishments in this paragraph, at the time of examination and ratification of the balance sheet and the profit and loss operations figures, are responsible for preparing the report on conformity of the operations of the company with the ratified budget by the company and evaluating it after examination. Said report will then be presented with the opinion of the legal inspector and appropriate decisions will be made. All government companies and for-profit establishments affiliated with the government stated in this paragraph are responsible for sending all changes stated in this bill (amended budgets ratified by the general assemblies or supreme councils) along with the necessary explanatory report to the Plan and Budget Organization. The chairmen of the supreme councils and general assemblies of government companies are responsible for the implementation of this paragraph. Maximum time allowed for the amendment of the budget by government companies or for-profit establishments affiliated with the government stated in this paragraph is set at the end of Shahrivar 1373 [22 September 1994] and the Plan and Budget Organization is responsible for reporting to the Planning and Budget, Economic Affairs and Finance, Accounting, and Financial Affairs Committees of the Majles the changes stated in this paragraph along with its own opinions.

B) All government companies, banks, and for-profit establishments affiliated with the government are responsible to reserve 1 percent of their projected current and developmental expenditures for 1373 and deposit that amount in a special account in the Treasury. Of the above-mentioned amount, 90 percent shall be spent upon the suggestion of the Agricultural Committee on the implementation of small water provision and water outreach projects; rural and tribal roads; rural industrial areas; water and soil; fisheries; aquifers; and research on agriculture, natural resources, and livestock and on providing subsidies for agricultural and animal husbandry institutes.

The remaining 10 percent of the above amount shall be added to the fund ceiling of Note 37 to be spent in accordance with the operations of the above-mentioned note in the deprived regions of the country. The Ministry of Economic Affairs and Finance shall be responsible for collecting and allocating the above-mentioned amount.

C) Payment of compensation for losses from the general government revenues shall be dependent on the exchange of agreements with the Plan and Budget Organization. All the chairmen of the general assemblies of government companies and those in charge of such companies are responsible for making decisions that will provide for compensation for losses due to the implementation of the general policies of the government, while maintaining the separation between for-profit operations and nonprofit operations and maintaining the possibility for the exchange of agreements within the framework of the 1373 budget of government companies.

D) The government is responsible for preparing the 1372 report on the establishment of general assemblies and the procedure for the implementation of their decisions by the boards of directors of the government companies stated in this paragraph and presenting it to the Majles along with the 1374 [21 March 1995-20 March 1996] national budget bill.

E) The rial ceiling of banking funds that can be granted to government companies in 1373 must conform to the monetary polices of Article 19 of the interest-free banking operations law, up to the projected ceiling in Section 8 of this law, and approved separately by the Cabinet.

F) Two of the Majles deputies of the Planning and Budget and Finance and Cooperative Committees selected by the Majles shall participate in the meetings of the Economic Council as observers and the Administrative Office of the Economic Council shall be responsible for sending all the ratifications of the Economic Council within a maximum of one week after the ratification to the Planning and Budget Economic Affairs and Finance and Cooperative Committees.

G) The establishment of new companies and participation in them by government companies is prohibited. Also, any expansion of the organization of government companies in 1373 is prohibited. Banks, credit establishments, and insurance companies are exempt from the content of this paragraph.

It is noteworthy that a number of deputies requested the omission of Paragraph G, and the government also supported the omission of this paragraph, but this suggestion was not ratified.

H. 1) The proper authorities in the government companies cited in Note 6 under Article 105 of the direct tax law are allowed to devise the reserves stated in Article 138 of the direct tax law ratified in Esfand 1366 [20 February-20 March 1988] and its amendment from the declared profit of their 1372 operations, provided the proper taxes and profit shares of the government have been secured and paid to the Ministry of Economic Affairs and Finance, up to the amount stated in Section 3 of this law.

2) Government companies are allowed to pay the funds stated in Article 172 of the direct tax law ratified in Esfand 1366 and its amendment (for the 1372 operations), provided that:

First, the payable funds in every case are ratified by the general assembly or the supreme council of the company.

Second, such will not cause a decrease in the eligible taxes and the government profit share stated in Section 3 of this law.

I) In order to achieve the projected tax revenues in Sections 3 and 8 of this law, exemptions related to income taxes of government companies for which in the above-mentioned sections taxes have been included, except for exemptions stated in the law of direct taxes ratified in 1366 [21 March 1987-20 March 1988] and its amendment, shall be revoked in regards to the operations of 1372 and 1373 of the above-mentioned companies.

The ruling in this paragraph shall not prevent the implementation of rulings in the above-mentioned Paragraphs 1 and 2.

In order to obtain the tax revenues of legal nongovernment persons stated in Line 110500, Section 3, of this law, the proper authorities in those companies are not allowed to determine the reserves stated in Article 138 of the direct tax laws ratified in Esfand 1366 and its amendment at a level exceeding 30 percent of the declared profit of the 1372 operations of the related companies.

J) Also subject to this note are all government companies cited in Article 4 of the general national accounting law, banks, for-profit establishments affiliated with the government, and other government companies and for-profit establishments that are subject to the general laws and regulations, provided they are mentioned by name, including the Voice and Vision of the Islamic Republic of Iran, the National Iranian Oil Company, and companies affiliated with the Ministry of Petroleum, the expansion and new construction of the Iranian Industries Organization and affiliated government companies, the National Iranian Industries Organization and affiliated government companies, and the centers for the procurement and distribution of goods.

K) All government companies stated in Paragraph I of this note are responsible for obtaining verification from the Economic Council on all investment plans and projects from their internal resources.

L) The engagement of government companies in operations and activities outside the content and duties stated in the law of establishment and their charter is prohibited. Violation of this paragraph shall be considered illegal use of government funds and property.

M) Members of the board of directors of nonprivate companies may not serve in other companies unless assigned to do so. The accumulation of any sort of funds under any name from these companies is prohibited.

N) In order to make use of suitable implemental opportunities abroad and implemental and engineering service resources and possibilities and to create the grounds for gaining foreign currency revenues, transferring technology, and promoting the level of technical knowledge and skill, ministries and companies affiliated with the government are granted permission to take steps to establish the necessary companies abroad, with the approval of the Cabinet, provided the establishment of such companies will not incur any expenditures.

With the exception of the above-mentioned cases, the establishment abroad of any sort of company, agency office, branch, or administrative unit by the ministries, government establishments, public institutions, and government companies cited in Paragraph I of this note is prohibited in 1372. Violation of this ruling shall be considered illegal use of government property.

In regards to Paragraph N, Mr. Yusefpur requested its omission. This suggestion was not ratified. It should be mentioned that this paragraph concerns foreign travel by government companies.

Note 3.

A) The government is responsible for guaranteeing the repayment of funds granted by the banks that are projected in this note.

B) In order to achieve Paragraph 2 of Article 43 of the Constitution of the Islamic Republic of Iran and create productive jobs, the Central Bank of the Islamic Republic of Iran is responsible for providing up to a maximum of R1 trillion (R1,000,000,000,000) in credit from the banking system funds for projects related to the agricultural and animal husbandry industries; rural industries; handicrafts; mining industries; scientific, cultural, artistic, athletic, tourism, educational, transportation, health, and treatment purposes; employment of those eligible for the unemployment insurance law; the creation of private technical and vocational self-employment schools and job-creating projects;

design, engineering, and assembly projects; projects involving innovations and inventions approved by the Iranian Organization for Scientific and Industrial Research; self-employment; fundamental water and soil projects, with priority given to the war-stricken regions and rural and tribal areas; cooperatives; self-sacrificers; and victims of unexpected incidents that can be economically, technically, and financially justified and who merely fail to meet the qualifications and regulations of the banks in terms of collateral and investment.

The Central Bank of the Islamic Republic of Iran is responsible, with the coordination of the Monetary and Funding Council, for placing the funds in this note at the disposal of the related banks.

C) The credit facilities stated in Paragraph B of this note are allocated as follows.

1) For semi-industrial, innovative, and inventive projects approved by the Iranian Organization for Scientific and Industrial Research, R5 billion.

2) At least 20 percent for employment of self-sacrificers (freed prisoners of war, self-sacrificers, combatants, honorable families of martyrs, those missing in action, and prisoners of war) and refugees of the imposed war in the war-stricken provinces as well as those who have suffered losses as a result of unexpected incidents and those seeking help from the Imam Khomeyni Emergency Committee.

3) At least 40 percent for the activities of the deprived areas of the country and deprived villages located in nondeprived areas.

4) Ten percent for creating cultural and artistic centers, cinemas, hotels and tourism centers, films, publications, and other cultural and artistic activities under the supervision of the Ministry of Islamic Culture and Guidance, the Islamic Information Organization, and the Voice and Vision.

5) Five percent for the employment of the disabled and those seeking help from protective organizations.

6) At least 35 percent of the funds in this paragraph shall be placed at the disposal of the Ministry of Agriculture and the Ministry of Construction Jihad for the implementation of agricultural conversion industries projects.

D) Of the funds in Paragraph B of this note, 50 percent shall be for use by cooperative companies for projects that can be economically and technically justified.

All funds in Paragraph B of this note shall be placed at the disposal of the Planning Committee of provinces to be distributed among that group for the incomplete or new projects stated in Paragraph B, which are approved by the above-mentioned committee and shall be made available by the related bank for the above-mentioned ratified projects.

E) The government is responsible for pledging and paying 70 percent of the service charges and profits of the granted loans stated in this note for the projects of the refugees of the imposed war in the war-stricken provinces; projects concerning the self-sacrificers and the disabled under the auspices of the National Welfare Organization; production cooperative projects; projects that are implemented in the deprived districts, deprived villages of the country, and tribal regions; projects to build nonprofit schools; and agricultural water and soil projects.

F) The share of every province of the funds in Paragraph B of this note shall be determined by a committee comprised of the ministers of cooperatives and economic affairs and finance, the director of the Plan and Budget Organization, and the director of the Presidential Office of Deprived Regions of the Country and shall be announced to the provinces within a maximum of two months.

G) Those production and developmental projects of cooperatives and companies with members comprised of at least 80 percent voluntary combatants who have served six consecutive months or nine alternate months on the front or the revered families of martyrs, missing in action, freed prisoners of war, self-sacrificers, and refugees of the imposed war and are determined not to have the financial capability by the Shahid Foundation, the Self-Sacrificers Foundation, the Headquarters of the Affairs of the Freed Prisoners of War, or the Headquarters for the Reconstruction of War-Stricken Regions, and the Ministry of Cooperatives shall be exempt from the repayment of all or a portion of the applicants' profits.

H) From the funds in Paragraph B of this note, R20 billion shall be paid for fundamental affairs to that group of applicants who are prepared to accept the costs of the above-mentioned projects with five-year installment payments.

I) The funds in Line 601027 of Section 4 of this law are for the repayment of the difference between the service charge profit and the unpaid late payments due to the implementation of Note 33 of the 1359 [21 March 1980-20 March 1981] budget law and Note 3 of the 1360 [21 March 1981-20 March 1982] to 1372 national budget laws, which shall be allocated by the Plan and Budget Organization upon the suggestion of the Central Bank of the Islamic Republic of Iran.

J) After the necessary investigations, the Sepah Bank is responsible for selling all or part of the property of that group of cooperative companies under the auspices of the Ministry of Cooperatives, which are unable to repay the received loans in accordance with the regulations during the signing of the contract and,

from the available funds and receivables of the company and the property of the shareholders of the company and the proceeds of the sale, for securing its own and the government's payments and for paying them.

If the total funds resulting from the above-mentioned actions are insufficient to fully pay the bank's debts, the Plan and Budget Organization shall be responsible for paying from the line declared in Paragraph I the remainder of the unpaid debts and uncollected late payments on the basis of the documents presented by the Central Bank of the Islamic Republic of Iran.

Concerning the payment of obligations due to the content of this paragraph incurred in previous years, at most two years after the repayment of the receiver of the funds, the calculations shall be based on the profit and the service charges of the bank, and the additional amount shall be regarded as the fault of the bank's negligence in collecting legal debts and shall not be calculated as part of the government's debt to the bank.

The Ministry of Cooperatives is responsible for placing all documents, contracts, papers, obligations, information, and collateral related to these companies and their shareholders which it has at its command at the disposal of the Sepah Bank to facilitate the collection of the debts.

K) The Plan and Budget Organization is responsible for projecting and including every year in the national budget bills those funds needed to repay the difference in profit and service charges and the unpaid late payments resulting from the implementation of this note, to be paid to the bank that has provided the funds by the Plan and Budget Organization upon the suggestion of the Central Bank of the Islamic Republic of Iran.

L) The implemental bylaws of this note shall be prepared within a maximum of two months, upon the joint suggestion of the Ministries of Cooperatives and Construction Jihad, the Plan and Budget Organization, the Central Bank of the Islamic Republic of Iran, and the Presidential Office of the Affairs of the Deprived Regions of the Country and ratified by the Cabinet.

M) The above guarantee does not negate the duties of the banks regarding the collection of the above-mentioned late unpaid payments.

Users of the funds in this note are obliged to repay the debts to the bank, and failure to do so shall be considered illegal use of government property and funds.

N) All projects stated in this note must be approved by the Planning Committee of the related committee.

Note 4.

A) The government is responsible for repaying the funds which are placed at the disposal of the Agricultural Bank through the Central Bank of the Islamic Republic of Iran from interest-free loan funds or other resources of the national banking system and for making [funds] available to the members of cooperative companies for the rural and tribal agricultural cooperatives union; natural resources; fishing; animal husbandry; marine life raisers; chicken farmers; honey bee and silkworm keepers; joint partnership production; rural and tribal production; carpet weavers of the carpet industry; production cooperatives affiliated with the Ministry of Cooperatives; and other persons who are active in the above-mentioned areas; as well as farming and silk production companies; the emergency committee; the self-sacrificers; and the welfare organization, for the purposes of the agricultural sector, rural resources, handicrafts, industries, technical services, and the production of agricultural implements and machinery, to increase production in the sector as capital in circulation so as, in keeping with the contents of this note, to guarantee a total of up to R300 billion from the interest-free loan sources, and if insufficient up to R700 billion from other banking system resources, and for including the remainder of its debt in the national budget of the following year. The above-mentioned guarantee does not negate the duties of the banks in collecting the late payments resulting from the granting of such loans. Users of the funds in this note are required to repay their debt to the bank.

The Central Bank shall provide the Agricultural Bank with the needed resources for this note by the end of Shahrivar 1373.

B) A maximum amount of R340 billion of the funds in this note shall be placed at the disposal of nongovernment actual and legal persons to procure improved seeds and supply wet cocoons, gunny sacks, improved sperm, silkworm eggs, agricultural and animal husbandry and fishing implements and machinery, marine life cultivators, livestock medication, pesticides, chicken feed, livestock fodder, and tires and implements needed for agricultural machinery as identified by the Ministries of Agriculture and Construction Jihad. If the above-mentioned utilities and equipment are not secured, the funds shall be placed at the disposal of specialized ministries, as described above.

C) Of the funds in this note, 31 percent shall be allocated for the procurement of needed material for carpet weaving workshops, of which amount 2 percent shall be placed at the disposal of the Iranian Carpet Company, 11 percent at the disposal of carpet unions and cooperatives under the auspices of the Construction Jihad, 3 percent at the disposal of the families of martyrs, 2 percent at the disposal of self-sacrificers, 2 percent at the disposal of freed prisoners of war, 2 percent at the disposal of the

Welfare Organization, and 5 percent through the Ministry of Cooperatives at the disposal of the carpet weavers' cooperatives, to be placed at the disposal of carpet weavers in the form of needed materials.

D) The implemental bylaws of this note shall be prepared by the Plan and Budget Organization and the Central Bank of the Islamic Republic of Iran by the end of Farvardin 1373 [20 April 1994] and ratified by the Cabinet.

Note 5.

A) The Consumers and Producers Protection Organization shall be responsible, on the basis of the ratifications of the Economic Council, for taking steps to subsidize essential goods, fertilizers, and pesticides.

B) The difference of the received amount of the Consumers and Producers Protection Organization is not subject to income taxes.

C) Those organizations that receive funds from the above-mentioned organization to purchase and procure essential goods from the revenues resulting from the difference of collections stated in Paragraph 10 of Article 7 of the charter of the Consumers and Producers Protection Organization are responsible for returning by the end of Farvardin 1374 [20 April 1995] the remainder of those funds that are unused and committed in this case to the Consumers and Producers Protection Organization.

D) If the related organizations refuse to return the remainder of the funds stated in Paragraph C and the payment of debts and the difference of the Consumers and Producers Protection Organization by the time stipulated in the above-mentioned paragraph, the Consumers and Producers Protection Organization is responsible for informing the Plan and Budget Organization and the Ministry of Economic Affairs and Finance. After the examination and verification of the matter by the latter organization, the Ministry of Economic Affairs and Finance is permitted to take the equivalent of 1.5 times of the remainder of the above-mentioned funds from the banking accounts of the related organizations and deposit it in the account of the Consumers and Producers Protection Organization.

E) The Consumers and Producers Protection Organization is responsible for determining the funds returned by every organization and also the amounts used and returned, separated by year, and announcing that determination to the Planning and Budget, Economic Affairs and Finance, and Cooperatives Committees of the Majles by the end of Khordad 1374 [21 June 1995] through the Plan and Budget Organization, and also to the Ministry of Economic Affairs and Finance.

F) Government organizations that receive the differences of the Consumers and Producers Protection Organization according to the general national accounting law and other legal instances are responsible for spending the funds in accordance with the general accounting law and other related regulations.

In the session yesterday, the proposal on the prohibition of the entry of some unnecessary goods was announced as having been received by several deputies.

Resolution of Deputies Condemning the Crimes of Israel in Al-Khalil

At the end of the Majles session yesterday afternoon, a resolution was issued. The resolution states: The sanctuary of love of the Friend of God was dragged in dust and blood with the hostile and malevolent fire of criminal Zionism, martyring a number of innocent worshippers and Palestinian strugglers. Undoubtedly, the passage of time will prove that the positions of the Islamic Republic of Iran are just.

Another part of this resolution states: We the deputies of the Majles reiterate the just position of the late Imam concerning the necessity of wiping Israel from the map of the world and, following the grand leader, announce that solving the problem of Zionism and removing this cancerous cyst is impossible except through continued armed struggle and the response with fire of the heroic fighters of Palestine to the hostile fire and crimes of Zionism.

It is interesting that about 140 deputies signed this resolution.

Report on 6 Mar 94 Majles Session

94LA0125A Tehran RESALAT in Persian 7 Mar 94 p 5

[Text] Legislative and Parliamentary Division. The Majles held an open session yesterday in three shifts, morning, afternoon, and evening.

In this session, which was held with Mr. 'Ali Akbar Nateq-Nuri presiding, the second round of discussions of the 1373 [21 March 1994-20 March 1995] national budget concerning expenditures was examined and discussed, and several other notes were ratified by the deputies. We call to your attention the text of the notes.

Ratifications

The agenda of the open session of the Majles yesterday was the continuation of the examination of the 1373 national budget, of which several notes were ratified by the deputies.

Note 6

A. 1) The amount of 34.5 billion rials [R] is allocated for necessary operations, including cultural concerns and employment in the deprived areas and deprived villages in the developed districts, to be spent on specific projects as determined by the spending executive officials in the form of 100-percent allocation and on the basis of the suggestion of the National

Office of the Affairs of the Deprived Regions and the agreement of the president.

The Presidential Office of the Deprived Regions of the Country is responsible for spending 20 percent of the funds in this paragraph on cultural concerns.

With the ratification of the Cabinet, the amount of R4 billion of the funds of this paragraph, in addition to the regular share, shall be allocated to the developmental projects of Sistan and Baluchestan.

Of the funds of this paragraph, R5 billion shall be placed at the disposal of the Imam Khomeyni Emergency Committee to provide dormitories for deprived students and children of families of addicts.

2) The amount of R24.5 billion shall be divided between the provinces of the country as needed for miscellaneous unforeseen and necessary developmental expenditures of provinces and developmental projects of rural and tribal regions, upon the suggestion of the Ministry of Interior and the approval of the Plan and Budget Organization, and the share of every province shall be allocated to specific projects, upon the suggestion of the governor general or the executive organization and the approval of the Planning Committee of the province.

3) The creation of any sort of obligation for future years and also projects that cannot be used by themselves in the amount exceeding R350 million from the funds in Paragraphs 1 and 2 of this note is prohibited.

4) The amount of R121 billion in funds is allocated for the reconstruction of various regions of the country which, as a result of unexpected factors such as floods, earthquakes, drought, fire, storms, or the advancement of sea water, have suffered or will suffer damages. Of this amount, 11 percent must be used for preventive measures (such as flood dams, aquifers, and also national committee projects to reduce the effects of natural disasters).

These funds shall be divided among the affected provinces upon the suggestion of the Ministry of Interior, the verification by the Plan and Budget Organization, and the approval of the Cabinet:

5) Up to R175.5 billion of the amount exceeding R34.5 billion in Paragraph 2, up to R30 billion of the amount exceeding R24.5 billion in Paragraph 4 of this section, and up to R150 billion exceeding R121 billion in Paragraph D of the single article.

B) From the funds of the banking system, the Ministry of Interior may grant up to R150 billion in loans to owners of damaged residential, commercial, industrial, mining, agricultural, health and treatment facilities in the above-mentioned region.

The difference between the profit and service charges of the granted banking funds shall be included in the budget bills of future years. The government is responsible for guaranteeing the repayment of funds granted by the banks that are projected in this paragraph. The above-mentioned guarantee does not negate the duties of the banks in collecting the above-mentioned uncollected late payments.

Users of the funds in this paragraph are required to repay bank debts, and failure to do so shall be regarded as illegal use of government funds and property.

C) The amount of R12 billion shall be placed at the disposal of the Ministry of Interior to be allocated to projects proposed by the social council of provinces that are approved by the Planning Committees of the provinces. The employment of individuals under any title or expansion of organizations or creation of obligations for future years from the funds of this paragraph is prohibited.

D) The amount of R8.5 billion shall be placed at the disposal of the Ministry of Interior to be spent on the expenditures of the National Islamic Election Council (city-village) in 1373.

E) The remainder of the developmental funds and current funds shall be allocated for necessary expenditures upon the suggestion of the executive organizations and the approval of the Cabinet.

Note 7.

A) The Technical and Vocational Training Organization of the Ministry of Labor and Social Affairs is granted permission to spend up to 5 percent of the revenues stated in Article 14 of the training law, up to a maximum of R1 billion, which shall be collected from all industrial, production, and service units subject to the labor and social security laws to provide incentives and increase the efficiency of employees who are actively effective in achieving the goals of the organization and increasing the revenues of the government.

Instructions for this paragraph shall be proposed by the Technical and Vocational Training Organization and approved by the minister of labor and social affairs.

B) Up to the ceiling of R3 billion resulting from the implementation of Paragraph B of Article 38 of the law on the collection of certain government revenues and their use in certain cases in addition to the voluntary aid of the people and the government shall be transferred to the interest-free funds to support job opportunities.

Any sort of employment, purchasing of buildings, and payment of expenditures of the Ministry of Labor and Social Affairs and affiliated organizations

(except in cases related to funds in support of job opportunities) from the collections in this paragraph is prohibited.

The implemental bylaws of this paragraph shall be prepared by the Ministry of Labor and Social Affairs, the Ministry of Economic Affairs and Finance, and the Plan and Budget Organization and approved by the Cabinet by the end of Esfand 1373 [20 March 1995].

C) Up to the ceiling of R2 billion of the revenues in Paragraph B of Article 38 of the above-mentioned law shall be added for the creation and completion of technical and vocational training centers.

D) The Ministry of Labor and Social Affairs is granted permission to spend R5 billion to strengthen the mobile training centers and implement technical and vocational training programs in the barracks, with the coordination of the general command headquarters through the Technical and Vocational Training Organization.

The bylaws for the procedures to implement this paragraph shall be prepared by the Ministries of Labor and Social Affairs and Defense and Armed Forces Logistics of the Islamic Republic of Iran and the Plan and Budget Organization and will be approved by the Cabinet by the end of Esfand 1372 [20 March 1994].

E) The Ministry of Labor and Social Affairs is granted permission on the basis of Article 154 of the labor law to collect from the production units that are unable to create athletic, cultural, and recreational space inside their workshops R12,000 per person annually and to deposit the funds in the general revenues account. Of the deposited funds, 50 percent shall be allocated to the above-mentioned ministry to be spent on the creation and development of athletic, cultural, and recreational places.

The equivalent of the same amount will also be provided from Paragraph D of the single article.

F) The Ministry of Labor and Social Affairs is granted permission, regarding the issuance and renewal of work permits for foreign nationals in Iran, to collect R240,000 for issuance and R150,000 for renewal of such permits in every case and to deposit the amounts in the Treasury.

Of the deposited amounts, 50 percent shall be used to complete work on educational and research complexes, and 50 percent of the same amount will be provided from the funds in Paragraph D of the single article.

G) The Ministry of Labor and Social Affairs is granted permission to make expenditures concerning:

1) Construction documents and plans and projects to build and expand the workshops cited in Article 87 of the labor law.

2) Expenditures concerning the registration of the Workers and Employers Organization cited in Chapter 6 of the labor law (5-percent membership fee of the members).

3) Examination of the job classification projects stated in Articles 48 and 49 of the labor law.

4) Offering health, work training, safety, and security services, as requested by employers.

5) Sale of training publications and booklets.

Certain amounts collected will be based on a tariff to be proposed by the above-mentioned ministry, approved by the Cabinet, and deposited in the general revenue account. Of the above-mentioned deposits, 50 percent shall be placed at the disposal of the Ministry of Labor and Social Affairs to be used for the development of training courses concerning work-related technical and safety protection, the organization for the Training of Workers and Employers, strengthening work inspection, and implementing the work identity card.

H) The Ministry of Labor and Social Affairs is granted permission, through its training and research units, to sign contracts to implement educational and research projects with actual and legal persons and spend 50 percent of the resulting revenues, after receipt from the Treasury, on equipping and strengthening the scientific capability of the above-mentioned establishments. The remaining 50 percent shall be provided from Paragraph D of the single article.

I) The Ministry of Labor and Social Affairs is granted permission, with the cooperation of the related organization, to take steps to identify the labor market by monitoring values in all countries and strengthening and dispatching the expert forces. In their first month of employment, 30 percent of their salaries and benefits shall be collected in accordance with the regulations to be suggested by the Ministry of Labor and Social Affairs and ratified by the Cabinet, and 100 percent of that amount shall be deposited in the general revenue account of the country. Of the deposited revenues, 50 percent shall be placed at the disposal of the Ministry of Labor and Social Affairs to be used for the creation of new job opportunities and the other 50 percent shall be provided from Paragraph D of the single article.

The financial supervision stated in Article 90 of the general accounting law concerning the above-mentioned funds shall be the responsibility of the minister of defense and armed forces logistics or the commander of the related force, and, in accordance

with the law, the authority and duties that are the responsibility of the auditor shall be the responsibility of the financial affairs official in the unit that is party to the contract, who will be appointed to this position by a decree from the commander of the force in the related unit and the Ministry of Defense and Armed Forces Logistics.

J) The law enforcement forces of the Islamic Republic of Iran are granted permission, with the coordination of the Ministry of Interior:

1) To collect from the sale of portable and movable property up to R10 billion and deposit the amounts in the general treasury account of Line..., Section 3, of this law. The equivalent of 50 percent of the deposited funds shall be placed at the disposal of this force to be spent on creating, repairing, and equipping border guard stations and improving the vehicles of the law enforcement guard stations.

2) In the implementation of the project to change the license plates of vehicles in the country, for every vehicle a maximum of R15,000 shall be collected and deposited in the general treasury account of Line..., Section 3, of this law, and the equivalent of 50 percent of the deposited funds shall be placed at the disposal of the law enforcement forces, to be used to mechanize the numbering system and for other necessary expenditures.

3) From the funds resulting from the activities of the Production and Development Company, up to the amount of R5 billion must be deposited in the general treasury account, Line..., Section 3, of this law, and the equivalent of 50 percent of the deposited funds shall be placed at the disposal of the law enforcement forces, of which amount at least 80 percent will be spent on building border and coastal guard stations and their repair and maintenance.

4) The Traffic and Driving Department is granted permission to issue inspection papers for vehicles and collect for them at least R500 and at most R3,000 and deposit the amounts in the general treasury account cited in Line..., Section 3, of this law. The equivalent of 50 percent of the funds deposited shall be placed at the disposal of the law enforcement forces, of which 80 percent is to be spent on the completion, repair, and equipment of law enforcement and traffic and driving guard stations and 20 percent on the current affairs of the forces.

K) The report on the procedures for the purchase of all defense items from the funds in this note shall be prepared by selected auditors of a committee comprised of the following members, with the cooperation of the Ministry of Defense and Armed Forces Logistics, and placed at the disposal of this committee:

1) A member of the Majles Defense Affairs Committee, selected by the Majles.

2) A member of the Majles Planning and Budget Committee, selected by the Majles.

3) A member of the Majles Accounting Committee, selected by the Majles.

4) A member of the Majles Councils and Internal Affairs Committee, selected by the Majles.

5) The head of the National Accounting Office.

6) The deputy minister of defense and armed forces logistics.

7) The deputy or fully authorized representative of the director of the Plan and Budget Organization.

The president of the committee shall be selected by the members, and the duties of the Administrative Office of the committee shall be the responsibility of the Ministry of Defense.

The first session of the committee shall be held at the latest by the end of Farvardin 1373 [20 April 1994] upon the invitation of the minister of defense and armed forces logistics.

This committee is responsible for holding meetings at least once a week, and the meetings of the committee shall be official with the presence of at least two-thirds of the members. The results of the investigations of the above-mentioned reports shall be presented by the committee to the grand leader, the president, and the speaker of the Majles. The investigations of this committee shall not negate the duties and responsibilities of the officials of the National Accounting Office.

L) The Ministries of Defense and Armed Forces Logistics and Interior are responsible for presenting a report on the operations of this note once every six months through the Plan and Budget Organization to the Defense, Planning and Budget, Councils and Internal Affairs, Accounting and Budget, and Financial Affairs Committees of the Majles.

M) The foreign purchase of major defense items shall fall under the supervision of a committee comprised of the following members, within the limits of the ratified funds:

1) The representative of the president.

2) The deputy minister of defense and armed forces logistics.

3) A representative of the joint chiefs of staff of the military of the Islamic Republic of Iran.

4) A representative of the joint chiefs of staff of the Guard Corps of the Islamic Revolution of Iran.

5) A representative of the minister of foreign affairs.

6) Three deputies of the Planning and Budget, Defense Affairs, and Foreign Policy Committees of the Majles, selected by the Majles.

One representative of the minister of information shall participate in the above-mentioned committee as an observer. The president of the committee shall be the president of the Islamic Republic of Iran, and the duties of the Administrative Office of the committee shall be conferred on the Ministry of Defense and Armed Forces Logistics.

The committee shall meet at the latest by the end of Farvardin 1373 upon the invitation of the minister of defense and armed forces logistics.

The committee cited in this paragraph shall not be allowed to verify foreign purchases of materials that can be produced domestically. Also, the opening of document credit for the above-mentioned purchases by the Central Bank of the Islamic Republic of Iran and other banks of the country is prohibited prior to the approval of the committee.

Note 3

A) The Ministry of Education is granted permission to distribute, pay, and spend the 1373 funds related to the per capita expenditures of educational units affiliated with it in the capital and provinces on the basis of the law on per capita expenditures of educational units affiliated with the Ministry of Education ratified on 21/10/1360 [11 January 1982].

The inclusion of personal expenditures in the per capita expenditures of the above-mentioned units is not permissible.

B) From the banking system resources, R45 billion, one-third as interest-free loans and two-thirds in the form of other banking loans with minimum service charges, shall be placed at the disposal of the Employees and Educators Cooperative Companies Union of the Ministry of Education and other employee cooperatives as capital in circulation to strengthen the Employee and Education Consumer Cooperatives of the Ministry of Education and other employee cooperatives at a ratio of four-fifths and one-fifth, respectively.

The government is responsible for calculating the funds granted by banks that have been projected in this paragraph. The above calculation does not negate the duties of the banks to collect the above-mentioned late debts.

Users of funds in this paragraph are obliged to repay the bank debts, and failure to do so shall be regarded as illegal use of government property and funds.

The government is responsible for paying 7 percent of the difference between the service charge on the interest-free banking loan resulting from the implementation of the law on providing housing for educators in regards to the loan for all projects that are paid from the date of ratification of this law in 1373. The needed funds for the payment of the difference resulting from this note shall be provided at the level of R10 billion.

With these funds, the executing banks are responsible for paying the housing loans needed by teachers residing in villages without collecting collateral and merely on the basis of the approval and introduction of the Office of Education of the region.

E) All expenditures made by charitable persons, both actual and legal, and by the public sector for participation in public affairs and under the supervision of the related authority for creating and completing educational space, technical and vocational schools, and athletic places shall be regarded as allowable tax expenditures and shall be deducted from their taxable income.

Manufacture of the above-mentioned spaces and their transfer to the related authorities shall be exempt from the payment of any sort of tax or fee.

F) City Halls are responsible for allocating 2 percent of their 1373 gross revenues to the creation and equipping of schools and educational, cultural, and artistic centers, such as schools, universities, cinemas, libraries, theaters, and mobilization and assembly centers to be spent under the supervision of the Ministries of Education, Islamic Culture and Guidance, Higher Education, and Defense and the Islamic Information Organization.

The related implemental bylaws of this paragraph shall be proposed by the Ministries of Education, Islamic Culture and Guidance, Interior, Higher Education, and Defense and ratified by the Cabinet within a maximum period of two months.

The Ministry of Interior is responsible for presenting to the Education Committee once every four months a report on the operation of the City Halls in this connection.

G) In order to develop part-time and equivalency education [courses] and also make better use of existing resources, the Ministry of Education is granted permission to take steps regarding the reasonable renting of buildings and educational resources to qualified educators for schools operating outside the regular, official educational time to establish extracurricular and remedial classes, while observing all the ethical and educational principles, on the basis of bylaws to be ratified by the Cabinet.

The revenues from this action shall be deposited in the general government revenues account and their equivalent shall be placed at the disposal of the Ministry of Education for expenditures relating to

the equipping and developing of schools and also the strengthening and developing of junior and senior high schools, especially in the deprived regions.

H) The Ministry of Education is granted permission to collect the fees and revenues stated in Paragraphs 2, 3, and 4 of Article 13 of the law on the establishment of educational councils in regions in which educational councils have not been established in 1373 and to deposit them in the general treasury account. The equivalent of 50 percent of the deposited funds, up to a ceiling of R25 billion, shall be placed at the disposal of the Ministry of Education to be spent for the quality development of educational activities and the development and equipment of educational spaces in those regions.

The implemental bylaws of this paragraph shall be proposed by the Ministry of Education and ratified by the Cabinet.

I) Up to a maximum of 5 percent of the total current and developmental funds of the central offices of education of the provinces shall be deducted in proportion to the rural population and rural students and allocated under the following lines and titles:

1) Transportation of rural junior and senior high school students.

2) Coverage of rural junior and senior high school students in suitable ways.

3) Providing housing for students teaching in villages through renting, purchasing, and building.

4) Transportation of rural teachers.

5) Providing educational tools and educational aid for rural schools.

6) Free food for rural students.

J) The Ministry of Education is responsible for paying the special extra pay of educational jobs stated in Note 2 of Article 4 of the law on the coordinated payment system at 5 percent for high school diplomas and below, 10 percent for those with associate degrees, and 15 percent for those with bachelor's and higher degrees in 1373.

Note 9

A) The amount of R1.816 billion shall be placed at the disposal of the Ministry of Defense and Armed Forces Logistics to be spent within the framework of the ratified programs of the general command of the defense forces of the Islamic Republic of Iran. These funds shall be allocated upon the request of the Ministry of Defense and Armed Forces Logistics, the suggestion of the Plan and Budget Organization, and the ratification of the Cabinet.

B) The defense forces of the Islamic Republic of Iran (military and law enforcement) are responsible for procuring their needed ammunition and military equipment from the Defense Industries Organization, the electricity industries, the aeronautics industries, and organizations affiliated with the Ministry of Defense and Armed Forces Logistics and may purchase from abroad only that portion of the military equipment that, upon the verification of the minister of defense and the ministers of industry, cannot be produced in the country exclusively through the Ministry of Defense and Armed Forces Logistics.

Military equipment that cannot be produced domestically must be exclusively purchased from abroad by the Ministry of Defense and Armed Forces Logistics.

C) Note 45 of the 1364 [21 March 1985-20 March 1986] national budget law, Note 47 of the 1359 [21 March 1980-20 March 1981] national budget law, and other laws and regulations contrary to the content of this note are nullified.

D) The Islamic Republic of Iran law enforcement forces are responsible for spending at least 40 percent of the funds for building military buildings on the construction of border guard station buildings and important roads.

E) The Ministries of Defense and Armed Forces Logistics and Interior are responsible for presenting a report on the operations of this note once every six months through the Plan and Budget Organization to the Majles Defense Affairs, Councils and Internal Affairs, Accounting and Budget, and Economic Affairs and Finance Committees.

F) The Plan and Budget Organization is granted permission at the end of every three months to deduct the equivalent of the value of the services afforded by the railroads and the price of fuel, water, electricity, and communications used in that year by the defense forces of the Islamic Republic of Iran from the funds of the related organization and pay it to the Credit Organization. Also, the cost of fuel, water, electricity, communications, and repair of organizational houses shall be paid by the user, and the expenses of the units of the defense forces of the Islamic Republic of Iran that engage in for-profit activities shall be paid from the above-mentioned revenues.

G) The defense forces and the Ministry of Defense and Armed Forces Logistics are granted permission to spend funds equivalent to the amount saved from the funds of the First Plan, with the permission of the General Headquarters of the Defense Forces, for strengthening the existing cadre within the framework of other programs or building organizational houses for the Guard Corps and may spend them at the level approved by the General Headquarters of the Defense Forces.

Any sort of transfer of funds of the retirement fund of the defense forces is prohibited.

H) The defense forces and the Ministry of Defense and Armed Forces Logistics are granted permission to place at the disposal of the executive organizations of the country for the implementation of developmental plans and projects for engineering equipment or to sign contracts with them, with regard for the expertise and capacity of the forces under their supervision, while fully preserving their combat capability.

All collected funds for the above-mentioned contracts shall be deposited in the general revenue account and their equivalent, up to the ceiling of R117.95 billion from the related funds in Section 4 of the law, Lines 503148 and 503149, shall be placed at the disposal of the contracting unit for the related expenditures on the basis of the contracted amount.

Report on 7 Mar 94 Majles Session

94LA0128A Tehran RESALAT in Persian
8 Mar 94 pp 5, 6

[Text] Legislative and Parliamentary Affairs Division. The Majles met in open session in three morning, afternoon, and evening shifts and continued its consideration of the 1373 [21 March 1994-20 March 1995] Budget Bill. By evening it approved seven notes. We direct your attention to the detailed proceedings.

Legislation

At yesterday's open session the Majles continued its consideration of the expense notes in the 1373 budget bill, and more items were studied.

Sunday Night's Open Majles Session

At Sunday night's open Majles session several notes, including 11 and 12, were studied.

Note 11

A. In the year 1373 the Central Bank of the Islamic Republic of Iran is required to give the sum of 40 billion rials [R] in short-term banking facilities (maximum term of one year) in the form of a loan to the Urban and Rural Consumers Cooperative Organization, to be spent on delivering goods to the public. At least 40 percent of the above amount will be given to the Rural Cooperatives Organization to deliver goods to rural people.

To facilitate and support marriages, the Central Bank of the Islamic Republic of Iran is required to give R300 billion in interest-free loans to those married in the years 1372 [21 March 1993-20 March 1994] and 1373.

At least 20 percent of the marriage loans in this paragraph must be given to wounded war veterans with 25 percent or greater disabilities, former prisoners of war, combat veterans who spent at least six consecutive months or one year in broken segments at the fronts, and individuals receiving coverage from the Welfare Organization.

The loans will be for a minimum of R1 million and a maximum of R3 million and the repayment period will be three years.

The government is required to guarantee repayment of the banking facilities mentioned in this paragraph and to cover suspended payments in the budgets of subsequent years. The aforementioned guarantee does not cancel the responsibilities of the banks to collect the relevant debts.

The executive guidelines for this paragraph will be prepared within one month by the Central Bank of the Islamic Republic of Iran and approved by the Council of Ministers.

Note 12

A. To expedite resolution of disputes pertaining to buildings, installations and lands belonging to ministries, government organizations, Islamic revolutionary bodies, military and police organizations, municipalities, the Social Security Organization and the Red Crescent, which these organizations have taken away from each other in the past based on the needs and necessities unique to the early period of the Islamic revolution and the imposed war without legal authorization and with or without the consent of the former occupant and are now needed by the former occupants, a commission will be formed overseen by the chief of the Plan and Budget Organization and attended by the ministers of housing and urban construction and economic and financial affairs (or their deputies) and the ministers or highest executive officials of the independent organizations that are parties to the dispute, or their fully authorized representatives.

B. The opinions issued by the commission for the relevant executive organizations are binding. In the event that the aforementioned opinions are not implemented by the relevant executive organizations in the allotted time for any reason, the Plan and Budget Organization is required, on the recommendation of the commission on a case-by-case basis, to deduct the equivalent value of the occupied property without regard for the limitations on transfers in the current expense and development budgets from the 1373 budget and to add it to the budget of the interested executive organization.

J. The executive guidelines for this note will be prepared within one month of the date of enactment by the permanent members of the Procurement Commission and approved by the Council of Ministers.

Note 13

A. In order to reduce services and support expenses, the ministries and government organizations, institutions and companies and those companies that are required by law to be mentioned are authorized to sell or lease all or part of their passenger automobiles, pickup trucks, minibuses, buses and trucks in accordance with the guidelines for government sales to workers or legal and real persons and entities, and to meet their needs for the aforementioned vehicles through contracts, through legal and real persons or entities or through the payment of tolls.

For those executive organizations drawing funds from the general budget, the funds obtained through the sale of vehicles will be used by the relevant organization to make payments on its rental vehicle contracts and to buy back workers who have been severed from government service.

The government is required to organize implementation of this note in such a way that at least 20 percent of the vehicles mentioned in this note belonging to the government will be sold in the year 1373.

B. In the year 1373 all ministries, institutions, government companies, bodies and public institutions (including the organizations and companies whose names are required by laws and regulations to be mentioned, such as the Iran National Oil Company, the Iran Industries Expansion and Development Organization, the National Industries Organization and others), which have machinery, equipment, and light and heavy vehicles available in any form for carrying out their own development projects or those of other organizations are required to sell at least 20 percent of the aforementioned equipment that is out of service, not suitable for their current project needs or which in general is not being fully and optimally utilized, in accordance with the guidelines and timetable to be prepared by the Plan and Budget Organization and the Ministry of Economic and Financial Affairs and approved by the Council of Ministers. The sales must be for the equivalent value of R40 billion, and the funds obtained must be deposited in the nation's general revenues account. About 50 percent of the deposited funds will be allocated to buy replacement machinery.

All laws and regulations in the year 1373, which conflict with the provisions of this note are void. The means of implementing this note will be given in guidelines to be approved by the Council of Ministers.

J. The purchase of any kind of domestic or foreign passenger automobile except ambulances and land rovers and jeeps up to a limit of 300 units for health clinics for the year 1372 is prohibited under all circumstances for all ministries, organizations, institutions, government companies and companies whose names must be mentioned according to the law.

D. The purchase of nonessential administrative capital equipment and needs such as furniture, televisions, videocassette recorders, reproduction devices (copy machines and other equipment) by organizations out of current expense and development credits and the allocated revenues mentioned in this law is absolutely prohibited. The purchase of televisions, videocassette recorders, and reproduction devices in the minimum quantities needed by the education and training centers is exempt from this paragraph.

H. The payment of any kind of funds to workers employed in the organizations drawing from the general national budget out of organization current expense and development credits and their allocated revenues, other than funds whose payment has been authorized by various laws, is absolutely prohibited.

V. The performance of missions outside the country by government agents and employees and the affiliated companies and organizations that draw from the general budget must be approved by the five-person council appointed by the Council of Ministers and by two members of the Majles Supervision Principles Commission (Articles 88 and 90), who are responsible for the proper implementation of this paragraph.

Missions and trips by the chiefs of the three branches of government, Majles deputies, ministers and their deputies and the highest-level official in the public and revolutionary organizations and bodies in Central Province are exceptions.

Z. Any kind of expenditure of the development and current expense credits and the allocated revenues given in this law by the relevant organizations will be authorized only to carry out their lawful responsibilities and duties.

H. Any kind of expenditure to print calendars, annual reports, announcements, or advertisements to congratulate, thank or offer condolences out of the current expense and development credits and allocated revenues for the organizations mentioned in this law is prohibited.

T. The purchase or rental of private aircraft by the organizations mentioned in this law and also trips by the officials and workers of the organizations mentioned in this law by private aircraft is absolutely forbidden. The chiefs of the three powers of government are exempt from the provisions of this paragraph.

Y. Any kind of expenditure in the buildings of the organizations mentioned in this law, which has a decorative or wasteful aspect and amounts to ostentation, such as the installation or hanging of decorations or decorative floor coverings, the purchase and application of expensive art and any other kind of other affair that is not essential and has the above aspects, is absolutely forbidden.

K. The use of the passenger vehicles of the organizations mentioned in this law either directly or with the designated driver outside the nation's official office hours by officials at various levels in the executive, judicial, military, and police organizations and revolutionary and public bodies is prohibited with the exception of those officials for whom the Council of Ministers has approved the use of the aforementioned vehicles. The executive guidelines for this paragraph and the exceptions to the aforementioned prohibition will be prepared by the National Administrative and Employment Affairs Organization with the cooperation of the Majles Administrative and Employment Affairs Commission and the Articles 88 and 90 Commission, and will be approved by the Council of Ministers.

L. The Majles Accounting Court Commission and the Articles 88 and 90 Commission will supervise the proper implementation of this law in view of their lawful prerogatives, and they will deal with violations by officials and those who are accountable in the various organizations. If a violation is confirmed, the cases and the crimes of the violators will be reported to the competent courts for a verdict.

Note 14

A. In the year 1373 the fee for registering orders for goods to be imported into the country mentioned in Article 5 of the Law Collecting Fixed Taxes on Some Goods and Services, enacted 3/26/1366 [16 June 1987] will be R5 for each dollar or equivalent value in other currencies for basic goods and R40 for other goods.

B. The Ministry of Economic and Financial Affairs is required, in addition to the existing taxes and fees, to collect 10 percent of the C.I.F. [cost, insurance, freight] value in taxes at the time of licensing for each imported vehicle and to deposit the funds in the nation's general revenues account.

J. Every passenger arriving into the country (including at the free ports) may enter with R150,000 in authorized goods without paying customs levies and commercial profits. All goods in excess of the above amount will require the payment of all customs levies and commercial profits calculated on the basis of the price of the merchandise and the floating foreign exchange rate announced by the Central Bank.

Note 15

Authorization is given to spend a maximum of 10 percent of the total development credits and 2 percent of the total current expense credits given in this law, as recommended by the Plan and Budget Organization and approved by the Council of Ministers, without the need to observe the National General Accounting Law and the government's other general regulations, while adhering to the Law on Procedures for Spending Credits Which Are Exempt From the General Accounting Law and Other General Government Regulations.

The Payam-e Nur Organization may spend 60 percent of its current expense credits, including general and allocated revenues, and also 15 percent of its development credits based on the procedures for conducting financial and trade affairs for the nation's universities and institutions of higher education, without adhering to other government regulations.

The share of current expense credits for the National Welfare Organization will be set at 10 percent of 2 percent of the total expense credits given in this note.

Note 16

A. The sum of R80 billion will allocated according to the level of deprivation and talents of the provinces for small new projects and to complete semicomplete province projects in tribal areas, deprived districts and deprived rural areas located in prosperous districts where at least 10 percent of their credits are procured by the people (whether in the form of cash, movable and immovable goods and manpower), or in other districts and rural areas where this figure is 30 percent, and in cities where this figure is 50 percent. The credits in each province will be distributed among the aforementioned projects and programs as recommended by the governor-general or the official in charge of the relevant executive organization and approved by the province planning committee.

1 - A maximum of 30 percent of the credits in this paragraph must be spent in the cities and a minimum of 70 percent of it must be spent in rural and tribal areas. Funds paid for voluntary self-help and participation in the implementation of the development projects mentioned in this paragraph will be deducted from the taxes of those subject to the payment of income taxes.

2 - The expenditure of the credits mentioned in this note to start projects, which cannot be operated by themselves or cost more than R300 million is prohibited. The aforementioned projects will be designated and approved by the province planning committee.

B. Every four months the Plan and Budget Organization is required to issue a report to the Majles Plan and Budget Commission on performance under this note.

To complete the semicomplete projects built by charitable contributors or with their participation and also province projects under construction, allocations are authorized with the following conditions:

1 - The sum of R43 billion will be given to the Ministry of Education and Training to be spent for starting nonprofit schools and schools for the above instances.

2 - The sum of R10 billion will be given to the Ministry of Culture and Higher Education.

3 - The sum of R10 billion will be given to the Ministry of Health Care, Treatment and Medical Education.

The executive guidelines for this note will be recommended by the Plan and Budget Organization and approved by the Council of Ministers.

Note 17

A. The sum of R18 billion in current expense credits and the sum of R15 billion in development credits (Ministry of Culture and Higher Education, credits needed for universities and institutions of higher education and research), the sum of R6 billion current expense credits and the sum of R11 billion development credits (Ministry of Health Care, Treatment and Medical Education, credits needed for medical science universities and colleges) will be distributed among the relevant organizations as recommended by the relevant trustee councils and with the approval of the relevant minister as the case requires, and will be added to the approved credit ceilings for each of the aforementioned institutions, so that current expense credits can be used to expand expert guidance, doctoral, specialist and advanced specialist programs; to implement Notes 46 and 47 of the First Five-Year Economic, Social and Cultural Development Plan; to revive and create chairs in Persian language and literature at foreign universities; and also to meet all or part of the expenses of foreign students in Persian language and literature inside and outside the country; to retrain professors in this field; to strengthen the language and national academy and to retrain professors in this field; to strengthen the Persian Language and Literature academy, cultural activities, extracurricular activities and physical education; and also to reduce the expenses of universities and institutions of higher education and research.

Out of the development credits of the aforementioned ministries R12 billion and R8 billion, respectively, will be spent to make up credit deficits for projects under implementation (mentioned in Supplement No. 1 to this law) and also each ministry mentioned will spend R3 billion for basic repairs to buildings and installations at the universities and institutions of higher education and research.

B. To alleviate the problems and difficulties at university dormitories and to help the student welfare funds, the Central Bank of the Islamic Republic of Iran is required to provide the universities involved with R100 billion through the nation's banking system in the form of interest-free loans, participatory loans or other Islamic contracts with the priority of interest-free loans and without using the government's development credits to complete and build student dormitories, buy buildings and convert them to student dormitories, and also to help students at the universities and institutions of higher learning (journeyman and higher). The government will guarantee the payments on the aforementioned loans through the Plan and Budget Organization.

The executive guidelines for this paragraph will be prepared within two months of this bill's enactment by the relevant organizations and the Plan and Budget Organization, will be approved by the Council of Ministers, and likewise the aid for the student welfare funds, the universities and government and nongovernment institutions of higher learning (journeyman and above) will be allocated to the Ministry of Culture and Higher Education, the Ministry of Health Care, Treatment and Medical Education, the Ministry of Education and Training and the government and nongovernment universities.

At least 20 billion of the aforementioned credits in this paragraph will be allocated as loans to students in the nonprofit universities.

J. The university projects under the rows for the Ministry of Housing and Urban Construction, the Ministry of Culture and Higher Education and the Ministry of Health Care, Treatment and Medical Education are eligible to use the lawful means for implementing university development projects in the Ministry of Culture and Higher Education and the Ministry of Health Care, Treatment and Medical Education, and they may also draw from the development credits in Paragraph A.

D. To improve the quality of higher education and make more use of the nation's higher education capacity, and also to encourage students to study better and in a shorter time and to reduce the dropout rate, the universities and institutions of higher education are authorized, should a student fail a class or classes, to collect in cash or commitments from the student all the costs for repeating the classes. Funds collected in this way will be deposited in the treasury revenues account. The amount of the funds deposited from the Ministry of Health Care and Part 4 of this bill will be given to the Ministry of Culture and Higher Education to be spent for the growth and development of higher education.

H. The universities and institutions of higher education and research are authorized to rent their existing buildings and sites at the just market price on a temporary basis to qualified real and legal persons and entities, provided this does not undermine their ongoing activities and responsibilities and that it has no undesirable effects. This will be done based on guidelines to be approved by the Council of Ministers. The revenues derived from this will be deposited into the general revenues account. The amount of the funds deposited will be given to the Ministry of Culture and Higher Education and the Ministry of Health Care, to be spent for the growth and development of universities and to maintain existing sites and buildings.

Students seeking aid from the Imam's Aid Committee are exempt from the payment of tuition and costs arising from the selection of units.

Note 18

Note 18: The credits for the year 1373 for the national and province development project agreement given in Supplement 1 of this law may be increased a maximum of 25 percent with the exception of the projects given in Paragraph J in this note, as follows:

A: Through the reduction of credits for other development projects with any program, as recommended and approved by the highest-ranking official in the relevant executive organization and with the agreement of the Plan and Budget Organization or the relevant province plan and budget organization.

B: Through the reduction of credits for projects in other programs in the same section as recommended and approved by the highest official in the relevant executive organization or organizations and with the agreement of the Plan and Budget Organization and the province plan and budget organization, on a case-by-case basis, provided that the total reduction or increase in credits for each project is no more than 10 percent.

J: Authorization is given to increase credits for the projects given in Part 2 of Supplement 1 of this law, which have been designated as important projects or projects to be completed in the year 1374 [21 March 1995-20 March 1996]. This may be done to a maximum of the amount of the credits for the following year. Projects whose completion has been set for the year 1373 and also those projects mentioned in Note 16 of this law and the credits pertaining to the reconstruction of areas damaged by disaster, which do not require adherence to the restrictions given in Paragraphs A and B, may be increased to a maximum of R400 billion through the reduction of credits for other national projects. These increases must be recommended by the Plan and Budget Organization and approved by the Council of Ministers. A minimum of 30 percent of the above credits must be in the water sector projects.

D: Credits may be increased for province development projects in each section through the reduction of credits in other sections up to a maximum of 5 percent, adhering to the provisions of paragraphs A and B in this note. Any amount in excess of that may be proposed only once a year by the relevant executive organization and is authorized with the agreement of the province plan and budget committee.

H: Any kind of reduction in province and national credits in the deprived districts and deprived rural areas located in prosperous districts, rural and tribal credits and also the reduction of credits for any of the important and major projects and programs to be completed in the year 1373 mentioned in Supplement 1 to this law is prohibited.

Note 19

A: Authorization is given for the credits given in Part 4 of this law under the heading "Ministry of the Interior—Municipalities" to be distributed among the nation's municipalities, as recommended by the Ministry of the Interior and with the agreement of the Plan and Budget Organization and the approval of the Council of Ministers.

B: The credits in Part 4 of this law will be allocated to Vahed bus companies and the minibus companies affiliated with the municipalities, and on the recommendation of the Ministry of the Interior the share of each Vahed bus company and minibus company and the bus units affiliated with the municipalities will be allocated from the credits in the high rows.

Only 50 percent of the credits belong to the bus companies in the cities of Tehran, Mashhad, Shiraz, Esfahan and Tabriz, and the rest is to be divided among the other municipalities.

J: The general treasury is required to collect the funds mentioned in the name of the municipalities in the laws and regulations pertaining to the ministries and government institutions and companies, and to give them to the Ministry of the Interior and the Municipalities Organization for the purpose of achieving self-sufficiency and for division among the municipalities.

D: The sum of R2.5 billion from the revenues obtained through implementation of Note 46 of the 1374 budget bill is to be given to the Ministry of the Interior to be divided among the deprived district centers and the cities located in deprived districts, and will be spent on building infrastructure in those cities.

The Ministry of the Interior is required to issue a report on performance under this note every four months to the Plan and Budget Organization, the Majles Plan and Budget Commission, the Majles National Councils and Domestic Affairs Commission, the Accounting Court, and the Majles Budget and Financial Affairs Commission.

Note 20

A: All the executive organizations and the Plan and Budget Organization are required no later than the end of the month of Farvardin 1373 [April 20 1994] to exchange an agreement on the nature of the activities pertaining to the current expense credits discussed in Parts 4 and 5 of this law, divided according to expense items.

B: Provided that the total change in credits for the organization does not exceed 5 percent and that the programs and other sections change no more than 10 percent, increases in current expense credits for each of the programs and expense sections for the ministries and government institutions, given in Part 4 of this law, and for the local executive organizations mentioned in the agreements on the nature of the activities, discussed in Paragraph A of this note, are authorized to be made by reducing other programs and expense sections for that organization. These increases must be recommended by the highest-ranking official in the executive organization and confirmed by the Plan and Budget Organization or the province plan and budget organization, on a case-by-case basis.

J: The transfer of current expense credits between local executive organizations covered by the province budget system discussed in Part 5 of this law, as recommended by the local executive organization and with the confirmation of the province plan and budget organization, may be done in one place for each province up to a maximum of 5 percent of the credits approved for each local executive organization. This may be done only once a year, adhering to the 10 percent limit given in Paragraph B of this note, provided that there is no change in the amount of the province's total current expense credits.

D: Where necessary, authorization is given to the central executive organizations to allocate up to a maximum of 10 percent of their approved current expense credits to the affiliated administrative offices in the provinces, which are covered under the province budget system. In this case the relevant credits in each instance, as recommended by the minister or the highest-level official in the relevant central executive organization, will be deducted by the Plan and Budget Organization from the aforementioned executive organization's budget and added to the current expense credits of the relevant local executive organization according to the program and expense chapter.

H: In the year 1373, the creation of any kind of representative office or administrative unit outside the country by the organizations, ministries, government companies and other institutions whose names must be mentioned according to the law is prohibited. A violation of this order will be regarded as unlawful confiscation of government assets.

V: To economize on executive expenses and make the best use of the public treasury, the government is required to consolidate all ministry purchasing offices and various organizations outside the country.

Z: All executive organizations are required to send a report on their expense budget performance once every three months to the Majles Plan and Budget Commission, the Economic and Financial Affairs Commission, the Cooperatives Commission, and the Administrative and Employment Affairs Commission.

Note 21

A: Before the end of the month of Farvardin 1372 [20 April 1994] the executive organizations, including the universities and educational institutions, are required to send an agreement on the nature of the activities pertaining to the development projects given in Supplement 1 for this law to the Plan and Budget Organization, and the Plan and Budget Organization is also required by the end of the month of Ordibehesht 1373 [21 May 1994] to announce the above agreements.

B: To expedite progress on national and province development projects and to facilitate the repayments, the following authorizations are given:

1 - The Ministry of Economic and Financial Affairs may transfer credits for unspent funds equivalent to 10 percent of the credits of each development project to each national and province executive organization to be used on the basis of the allocation of credits.

2 - Two deputies elected by the Majles will participate as observers on the credit allocation committee mentioned in Article 30 of the National Plan and budget bill.

3 - To start up factories that produce construction equipment, supplies and materials and to create seasonal coordination for the supply and demand of construction materials and supplies, up to 15 percent of the credits approved for national development projects and 20 percent of the credits approved for province development credits for the year 1373 is to be allocated for the purchase of construction equipment and materials and parts and factory machinery needed by the projects. After delivery of the purchased goods and materials to the factories, the executive organizations are required, on a case-by-case basis, to deduct the amount of their finished cost and to transfer it to the temporary expense account for security projects, or to deduct that amount from the situation ledger for projects that are being carried out by contractors. If these purchases have to do with materials for contractor contracts in an amount that will be specified in the guidelines for this note, they will be deducted from the contractor's situation ledger and any difference will be transferred to the project's temporary expense account.

The executive guidelines for this paragraph will be prepared within one month of this law's enactment by the Plan and Budget Organization and the Ministry of Economic and Financial Affairs and will be approved by the Council of Ministers.

J: The current expense and development credits approved for each province will be allocated in the province at specific times by category by the Province Allocation Committee, composed of the deputy governor-general for development, the general office of economic and financial affairs and the chief of the province plan and budget organization, as needed and in view of the progress of operations, as each case requires.

The credit allocation committees mentioned in this law are required to allocate credits for the fourth quarter in the nation's cold provinces, in the deprived areas, in the deprived villages located in prosperous districts and for their national projects no later than the first of the month of Aban [23 October].

Five percent of the total credits for projects in each organization is to be given to the minister or the organization's highest official to be committed and paid as needed based on the progress of the operations for the relevant projects within the framework of the conditions of the activities under the agreements exchanged.

H: Supervision of the spending of the credits for deprived districts and villages is the responsibility of the Nation's Deprived Areas Office under the president of the republic. A report on performance for these credits will be prepared by the Nation's Deprived Areas Office once every four months under supervison of the president of the republic and will be given to the Majles and the deputies from the deprived districts and villages and to the Majles Plan and Budget Commission.

Note 22

A: All executive organizations that draw from the current expense and development credits pertaining to research and also the government companies mentioned in Article 4 of the National Public Accounting Law and the profit-making institutions affiliated with the government that draw from the aforementioned credits are required to spend 15 percent of the aforementioned credits on research contracts with the government and nongovernment universities and institutions of higher learning and research institutions affiliated with the Ministry of Culture and Higher Education, the Ministry of Health Care, Treatment and Medical Education, and the Atomic Energy Organization. The Ministry of Labor and Social Affairs, the Ministry of Education and Training and the Ministry of the Reconstruction Crusade are exempt from this paragraph. Other organizations exempt from the provisions of this paragraph will be specified by the National Scientific Studies Council.

At the time of the exchange of the agreements and the allocation of the credits, the Plan and Budget Organization is required to adhere to the provisions of this paragraph and to send a report on it once every six months to the Majles Culture and Higher Education Commission. The ministries and organizations are also required to submit the relevant report once every six months to the Culture and Higher Education Commission.

B: The purchase of technical knowledge from outside the country by the organizations mentioned in this law to carry out the relevant programs and projects is authorized on the condition that the National Scientific Studies Council determines that the needed technical knowledge does not exist inside the country.

J: Five percent of the development, educational, and research credits for all the institutions of higher learning and research in all the ministries and government companies with the exception of the Ministry of Culture and Higher Education, the Ministry of Health Care, Treatment and Medical Education and the Ministry of Defense and Armed Forces Logistics will be given to the Ministry of Culture and Higher Education and the Ministry of Health Care and Treatment to spend for expanding and developing applied training courses.

D: To procure some of the needed specialist manpower for development projects through the implementation of academic and applied training at the journeyman and expert levels at the educational centers affiliated with the executive organizations and also through contracts concluded with the nation's universities and centers of higher education, the executive organizations (with the exception of the Ministry of Education and Training, the Ministry of Culture and Higher Education and the Ministry of Health Care, Treatment and Medical Education) are required to spend 1 percent of their development budget for the year 1373 on educational expenses, contracts with universities and for the development or completion of their educational centers. The value of the contracts with the universities must not be less than 30 percent of the aforementioned credits.

H: In the year 1373 the creation of any kind of university, college, educational institution, or educational program higher than the journeyman level for the development .of ministries, government organizations, and institutions whose names must be mentioned under the law is prohibited except in the case of the Ministry of Culture and Higher Education and the Ministry of Health Care, Treatment and Medical Education, except where necessary and with the approval of the Majles.

The executive guidelines for this note will be recommended by the aforementioned two ministries and approved by the Council of Ministers. The expenditure of the aforementioned credits must be solely as stipulated in this note and its executive guidelines, and it is exempt from public accounting and other regulations.

Note 23

A: To utilize, maintain and preserve buildings that have cultural and historic value, a commission will be formed composed of the minister of culture and Islamic guidance, the minister of housing and urban construction and the minister of the reconstruction crusade, the chief of the Plan and Budget Organization and the chief of the National Cultural Heritage Organization, chaired by the first vice-president of the republic, to see that existing projects and those reflected in the 1373 budget bill will conform to existing buildings that have cultural and historic value, and it will make the relevant budget in the 1373 budget available to the National Cultural Heritage Organization for use in purchasing, repairing, equipping, and rendering serviceable the items targeted in the budget.

To achieve this goal, the relevant organizations are required to do the following:

1 - The Ministry of Housing and Urban Construction and the Ministry of the Reconstruction Crusade, as directed by the commission, must procure replacement land to facilitate the acquisition of the real estate and buildings mentioned in this note.

2 - To obtain public participation in this matter, authorization is given to designate as acceptable tax-exempt expenses to R20 billion of the incomes of individuals who give these kinds of buildings and historic sites to the National Cultural Heritage Organization or who rebuild them for conversion as educational space, Iranian and international tourist sites, libraries, student dormitories, youth movie theaters and other cultural activities.

3 - The Iran and International Tourism Organization is authorized to obtain up to R5 billion in low-cost loans from the banking system to utilize and revive the historic sites mentioned in this note, to be spent with the approval of the National Cultural Heritage Organization to revive the sites and develop Iranian and international tourism. Between 3 and 5 percent of the banking profits and fees will be paid by the government. The Iran and International Tourism Organization is required to repay the loans obtained from the organization's revenues and to provide for that in its annual budget. The Central Bank of the Islamic Republic of Iran is required to make these banking facilities available to the Iran and International Tourism Organization up to the aforementioned limit.

B: In addition to the museum assets mentioned in the Law Pertaining to the Nayavaran and Samabad Palaces and the Procedure for Appraising and Maintaining the Relevant Assets, enacted 1/23/1359 [12 April 1980], which have been given to the National Cultural Heritage Organization, if needed by the organization the assets mentioned in Paragraph J in the amendment to the aforementioned law, which were to have been sold, will also be given at no charge to the organization by the relevant council.

Note 24

A: The province planning committee, with the agreement of the executive apparatus, may transfer for implementation the executive operations for all or part of the tasks from each of the province projects to any one of the executive organizations, the technical and engineering units of the armed forces or the Ministry of Defense and Armed Forces Logistics of the Islamic Republic of Iran, while maintaining combat capability, the Housing Foundation, the governor and district offices, the Ministry of Roads and Transportation and the General Technical and Engineering Office, after they declare their willingness to do the work.

B: The chiefs of the executive organizations, at their own discretion and responsibility, after signing transfer contracts, may transfer the executive operations of all or part of the tasks from any one of the national development projects, in view of capacity and competence to implement, to the Ministry of the Reconstruction Crusade, the technical and engineering units of the armed forces, the Ministry of Defense and Armed Forces Logistics of the Islamic Republic of Iran or the Housing Foundation so that each one of these organizations, should they agree, will be able to use the transferred credits under the supervision of the transferring executive organization to carry out the projects.

Any difference in the expenses and credits obtained for the transferred tasks and projects under this note will be spent on the same project or on the procurement of drinking water.

J: The Ministry of the Interior, at its own discretion and responsibility, may transfer the executive operations for all or part of the tasks in the project to complete the construction of 400 kms of border roads, in view of capacity and competence to implement, to the Ministry of Roads and Transportation, the Ministry of the Reconstruction Crusade, the military and police forces, or the Housing Foundation.

D: The office of the governor-general of Hormozegan is authorized to transfer the implementation of any of the Southern Islands Development Project's tasks, in view of competence to implement, to the national or province organizations.

Majles Notes

Deputies Work Around-the-Clock on the 1373 Budget

A special flurry of activity always arises among the deputies when the budget is being studied in the Majles, and they work very hard. Under the new Majles guidelines, this year the Majles is discussing revenues in the Joint Economic and Financial Affairs and Plan and Budget Commission. In the last two weeks the Plan and Budget Commission, as the main commission and the other commissions as secondary commissions, have worked very hard on the budget.

The Plan and Budget Commission has worked about 74 days in three shifts. In the final nights before the budget was presented to the Majles the discussions continued until dawn. Often when the Majles appeared to be in recess the commissions were active. Even during the 10 Days of Dawn celebration, when the Majles was closed for a week, all the commissions continued working, and the deputies submitted about 2,000 proposals to the Plan and Budget Commission.

During the period of studying the budget notes, some of the commissions worked very hard, presenting a special opinion about every row and contacting and consulting with experts from the Plan and Budget Organization and the relevant ministries. Here, after the Plan and Budget Commission, one may also mention the Agriculture Commission, for most of the recommendations and requests for change came from this commission.

Along with these positive characteristics, there are some points that cannot be easily passed over. One deputy told our correspondent: During the budget discussions and debates, a small number of the deputies do not pay enough attention to the nation's interests and the ceiling on commitments. They give priority to their own electoral districts. For example, with regard to the creation of power plants and new electrical power networks, they only consider their own regions as having priority and make recommendations for it. Another example is that the steel projects, which are being pursued in three provinces, are not needed by the country, and there is no export market for them either. It would be very appropriate if the deputies would only consider the nation's interests when submitting their proposals.

Dr. Kamran's Comments on the Answer From the Ministry of Education and Training

Following the publication of the answer from the deputy minister for education in the Ministry of Education and Training to the comments by Dr. Kamran in the newspaper RESALAT on 12/11/1272 [1 March 1994], he said in a contact with our correspondent:

What was said concerning the improper spending of credits from Note 55 had nothing to do with the Ministry of Education and Training. This organization has no specialist relationship with the Majles Islamic Art and Guidance Commission. The protest from the respected deputy minister of education in this ministry was beside the point. Also, this year organizations have also been approved by the commission under Note 55, which have a direct relationship with the Majles specialist commission.

Report on 8 Mar 94 Majles Session

94LA0131A Tehran RESALAT in Persian
9 Mar 94 pp 5, 6

[Text] Legislative and Parliamentary Affairs Division. The Majles held open sessions yesterday morning, afternoon and evening. It dealt with the expense notes for the 1373 [21 March 1994-20 March 1995] budget and approved several notes. We direct your attention to the detailed proceedings.

Legislation

Report on Tuesday Night's Open Majles Session

To expedite and attract more resources for investment to implement water network and dredging networks, authorization is given for a maximum of 25 percent of the total credits approved for the program to create water networks and dredging to be given to the Agriculture Bank, upon the announcement of the minister of energy and through the Ministry of Energy. Those holding accounts are required to deposit the amounts paid to the bank in temporary expense accounts. The Agriculture Bank is required to provide banking facilities by combining the aforementioned resources with the banking system's credit resources and the resources obtained through the cooperation of farmers for investment in these water network and dredging projects, within the framework of the bank's credit regulations.

If necessary some of the credit needs for the aforementioned projects may be met with funds from the general budget in the form of free assistance. The categories for the government's share in the free assistance and the subsidies on expected profits from the projects eligible for this aid will be determined by a committee consisting of the minister of energy, the chief of the Plan and Budget Organization, and the minister of economic and financial affairs. Every year the Agriculture Bank is required to use the funds obtained through the installment payments on the banking facilities obtained from the general budget for government investment in that bank. The executive guidelines for this note are to be prepared no later than three months from the date of this bill's enactment by the Ministry of Energy, the Plan and Budget Organization and the Agriculture Bank, and will be approved by the Council of Ministers. The Ministry of the Reconstruction Crusade and the Ministry of Agriculture may also carry out their projects using the procedures given in this note up to the credit ceiling approved for them.

Note 27

A: Authorization is given for 50 percent of the value of the assets confiscated by the Ministry of Intelligence in the performance of its lawful missions and deposited in the nation's general revenue account with the general treasurer, mentioned in Row 594450 of Part 3 of this law, up to a maximum of 4.35 billion rials [R], to be given to the aforementioned ministry.

B: The Ministry of Intelligence is authorized to deposit the revenues derived from the foreign exchange and rial confiscations it makes in the performance of its lawful missions, including those involving financial abuses, percentages, extortions and the sale of intelligence, into the nation's general revenue account with the general treasurer mentioned in Row 594350, Part 3 of this law.

Of the funds deposited, 30 percent, up to a total of R45 billion, will be given to the aforementioned ministry.

Note 28

The National War-Stricken Areas Reconstruction and New Construction Staff is required to sell the housing and commercial units (including both those it has built and purchased), lands, producing factories, movable and nonmovable shares and assets for the companies under its control, machinery, implements, funds and surplus and unused vehicles and to deposit the funds obtained into the Treasury to be added to the national general revenues account mentioned on Row 390600 of Part 3 of the 1373 national budget bill.

Priority in the purchase of these kinds of resources will be given to refugees from the imposed war.

The refugees from the imposed war and those workers in the National War-Stricken Areas Reconstruction and New Construction Staff who are separated from the staff may purchase the implements, tools, equipment and also the vehicles to create employment.

The credits in Row 4 of this law, equalling 100 percent of the revenues mentioned in Paragraph A in this note up to a ceiling of R52.2 billion will be given to the National War-Stricken Areas Reconstruction and New Construction Staff to finance the return, resettlement, technical and specialist training and employment of refugees, to build minimal housing for unemployed families without providers among the refugees from the imposed war in the areas damaged by the imposed war, to pay for insurance premiums, to pay termination bonuses for surplus workers and to pay current administrative and personnel expenses and annual debts, and to meet the goals of reconstruction.

J: The sale of the goods mentioned in Paragraph A will be made at the expert price in the following instances:

1 - When the aforementioned units are located in rural and agricultural areas and are sold to the rural people in the same area.

2 - When they are purchased by refugees from the imposed war.

3 - Property whose structures belong to the National War-Stricken Areas Reconstruction and whose land belongs to real persons and legal entities, where the structure is sold to the owner of the land.

4 - Sales to government and nongovernment educational, cultural, physical training and welfare institutions, with priority given to local applicants, municipalities in the war-stricken areas, cooperatives for war victims, those who have sacrificed and employees of the former Imposed War Refugees Staff.

D: The executive guidelines for this note will be written based on the recommendations of the National War-Stricken Areas Reconstruction and New Construction Staff and approved by the Council of Ministers. At the beginning of the year 1373 the Ministry of Economic and Financial Affairs is required to give the Central Reconstruction Staff R20 billion out of unallocated treasury funds for the expenditures given in this note. The aforementioned unallocated funds will be dispensed gradually by the end of the year out of the revenues mentioned for Row 390600.

V: Five Majles deputies from war-stricken cities, three from Khuzestan Province, one from Ilam Province, one from Kermanshah Province, and one person approved by the Majles, will attend meetings of the central and province reconstruction staffs as observers of the implementation of this note's provisions.

Report on Yesterday's Morning and Afternoon Majles Sessions

The agenda for yesterday's open Majles session was continued consideration of the details of the expenditures in the 1373 National Budget Bill, for which several more notes were discussed, studied and approved by the deputies.

Note 29

A: In the year 1373 the Central Bank of the Islamic Republic of Iran is required to adhere to the following regulations in the framework of the National Monetary and Banking Law and monetary and foreign exchange policies aimed at creating foreign exchange commitments and meeting prior foreign exchange commitments, for the purpose of organizing the nation's foreign exchange commitments and maintaining the nation's balance of payments. All ministries, institutions, organizations, affiliated and dependent companies, and those institutions and

companies that must be mentioned by name in accordance with laws and regulations are subject to these regulations.

1 - The totality of the nation's commercial and foreign exchange policies in the year 1373 must be such that the nation's total foreign exchange commitments from all resources at the end of the year 1373 is $1.6 billion less than at the beginning of the year 1373.

2 - The purchase of capital goods and services by the organizations subject to this note, on a case-by-case basis, may be made using the medium-term and long-term credit means within the credits approved under this law.

3 - A committee chaired by the president of the republic and with a membership consisting of the minister of economic and financial affairs, the minister of commerce, the chief of the Central Bank of the Islamic Republic of Iran, the chief of the Plan and Budget Organization and a minister chosen by the president of the republic will be formed to encourage domestic purchases and to the extent possible in rials, to organize the foreign exchange market, to create the necessary commitments, to formulate policy and make the necessary guidelines, and to take steps concerning the foreign exchange issues in this note and to allocate it as the case requires.

Two Majles deputies chosen by the Majles will meet with the committee as observers.

The secretariat of the aforementioned committee will be at the Central Bank of the Islamic Republic of Iran.

4 - Out of the foreign exchange revenues for 1373, to be used for the designated expenditures, the following amounts are designated at the equivalent rate in dollars for R1,750 to be committed and paid with priority over other expenditures:

The sum of $800 million to procure basic goods including wheat, rice, sugar cubes and sugar, vegetable shortening and meat for all the people in the country (urban, rural and tribal).

The government is required to organize the foreign exchange and rial credits to buy wheat in such a way that it will be possible to keep a three-month supply of wheat stored throughout the year.

A maximum of $400 million to produce drugs inside the country and to procure dried milk and imports for some of the nation's needed drugs.

The Ministry of Health Care and Treatment is required to give to the Majles Heath Care Commission a report once every four months on the production and importation of drugs.

Of the aforementioned amount $300 million is to be allocated for equipping and starting post-specialization departments to be used based on the policies and programs of the Council of Five Trustees chosen by the minister of health care, treatment and medical education. The Council of Trustees is required to report on its performance once every four months to the Majles Health Care and Treatment and Plan and Budget commissions.

The Ministry of Commerce is required to buy the basic goods mentioned in this paragraph through competitive bidding with announced conditions, and to the extent possible through the mail.

The Central Bank is required to provide the relevant organization with the aforementioned amounts in rials to buy the needed goods and to calculate the rials at the floating rate, and the purchase of the aforementioned basic goods outside the country is prohibited as long as it is possible to buy them inside the country (whether produced or imported). To the extent possible, the purchase of the goods and services needed in this paragraph will be done domestically and with rials. The conditions of the purchases will be announced in the form of competitive bidding. If it is not convenient to buy domestically, the purchases will be made abroad and in a direct form.

The sum of $80 million is to be given to the Ministry of Culture and Higher Education and the Ministry of Health Care, Treatment and Medical Education to procure foreign exchange for students being sent abroad. To save foreign exchange, the Ministry of Culture and Higher Education and the Ministry of Health Care, Treatment and Medical Education are required to increase the quantity and quality of the nation's domestic specialist capacity by expanding exchange scholarship programs and joint doctoral programs. The money saved under this policy will be used in accordance with a set of guidelines to be recommended by the aforementioned ministries and approved by the Council of Ministers, to create expert guidance and doctoral program capacities inside the country.

5 - The Ministry of Petroleum and all its affiliated companies and organizations, as well as all the companies and institutions mentioned in Articles 4 and 5 of the Public Accounting Law, all importers who draw from the general budget, and the exporters and executive organizations mentioned in this paragraph are required to conduct all their foreign exchange transactions and operations arising from the export and import of goods and services, including their receipts and payments, exclusively through the Central Bank of the Islamic Republic of Iran or

authorized banks designated by the Central Bank of the Islamic Republic of Iran. Exceptions will be determined by the Central Bank of the Islamic Republic of Iran.

6 - The Ministry of Petroleum is required to prepare a monthly report on the production and sale of crude oil and the revenues obtained for the purpose of obtaining $10,154,300,000 in foreign exchange revenues from the sale of oil, along with the expected production and export of oil for the remainder of year, divided by month up to the tenth of each successive month, and to submit the report to the Plan and Budget Organization, the Central Bank of the Islamic Republic of Iran, the Ministry of Economic and Financial Affairs, the Majles Oil Commission, the Plan and Budget Commission, the Economic and Financial Affairs and Cooperatives Commission, and the Foreign Policy Commission.

7 - The Central Bank of the Islamic Republic of Iran is required to make or commit to the foreign exchange payments to the executive organizations covered by this note who draw from the public budget exclusively in return for registered documents and papers denoting the purchase of goods or services. In cases where the nature of the expenditure does not permit the presentation of documents prior to making the commitment or payment, the relevant organization is required within three months of the date of the payment or commitment to submit the needed documents and papers to the bank, except in necessary cases to be approved by the Council of Ministers.

8 - All organizations subject to this note are required to carry out and conclude any kind of foreign transaction or contract in excess of $1 million solely via limited or international bidding (with advertisements calling for bids in high-circulation domestic and foreign newspapers).

Exceptions must be approved by the Economic Council. The Central Bank of the Islamic Republic of Iran is only authorized to make commitments or payments on transactions and contracts for which the documentation necessary to show compliance with the provisions of this paragraph are presented by the executive organizations.

9 - Two Majles deputies from the Commerce and Distribution Commission and the Economic and Financial Affairs and Cooperatives Commission, chosen by the Majles, will supervise activities purchasing basic goods.

10 - The National Iranian Gas Company is required to give the foreign exchange earned from the export of liquid natural gas in the year 1373 directly to the Central Bank of the Islamic Republic of Iran so the equivalent amount in rials may be deposited in the national general revenues account. Fifty percent of the credits for gas sector projects will be allocated and paid from the revenues deposited.

B: The government is authorized, through the repositioning of existing foreign exchange commitments, to make commitments by the end of the year 1372 [20 March 1994], adhering to Part 1, Paragraph A of this note, specifically following the procedures mentioned in this note.

1 - To create the needed capacity in the country in the production of crude oil, natural gas and oil byproducts, for the implementation of gas development projects in the southern Pars gas field, to develop the northern Pars gas field, to build the 'Alaviyeh liquid gas refinery (9th) and to rebuild the Abadan refinery through the sale of furnace oil from the same refinery, the Iran National Oil Company will have the prerogative, after approval from the Council of Ministers, to sign the necessary contracts directly for up to a maximum of $3.5 million in reciprocal sales with competent foreign companies. These contracts must be such that the annual repayments are equal for at least five years to the investment and related expenses for each contract after utilization of the 'Alaviyeh Project begins and at least 10 years for the southern and northern Pars gas field projects, and the payments must be made from the sale of products from this projects at the going rate, at a maximum of the average international profit rate. The contracts must not make any kind of commitment for the government of the Central Bank of the Islamic Republic of Iran.

The aforementioned contracts must be concluded in such a way that the foreign companies will be required to transfer technical knowledge and technology and manpower training, and will be required to make maximum use of the nation's existing ability in the areas of design, engineering, construction and the installation of equipment and machinery.

2 - To make maximum use of water resource capacities and the nation's manpower solely for the remainder of the contracts to build dams and the Karun 3, the flowing water Karun 4, Karkheh and Gavishan power plants, the Ministry of Energy will be authorized, after approval from the Council of Ministers, to make foreign exchange commitments up to a ceiling of 2.34 billion rials. These commitments will be such that the annual installments to repay each project, after utilization begins and at the average international profit rate for Karun 3 and 4, will be 10 years and five years for the Karkheh and Gavishan project, and will total up to $250 million. [sentence as published] Implementation of the above projects must be done in such a way that maximum use is made of domestic construction, along with the transfer of technical knowledge and technology.

3 - The government is authorized to continue implementing the project to develop sugarcane and its ancillary issues in accordance with the provisions of Paragraph H, Note 29, of the First Five-Year Plan Law and the amendment to its subsequent law. The authorized ceiling for foreign exchange commitments in the year 1373 is $150 million and for any kind of foreign exchange commitments made for the factories of the three last units (of seven units) after utilization begins for the first two units. The contracts must be concluded in such a way that the foreign companies will be required to transfer technical knowledge, manpower training and to make maximum use of the nation's existing ability in the areas of planning, engineering, construction, and the installation of machinery and equipment.

4 - The Fisheries Corporation is authorized, in implementing the self-sufficiency project, to produce fish powder to procure some of this project's foreign exchange needs up to a maximum of $100 million, to make reciprocal sales or joint investments with Iranian and foreign private sectors in such a way that the installment repayments will be made and repayable from the aforementioned company's foreign exchange revenues after the aforementioned projects go into operation, and the corporation must not create any kind of commitment for the government, the Central Bank of the Islamic Republic of Iran or the nation's other banks.

J: At the end of each month the Iran National Oil Company is required to announce to the Ministry of Economic and Financial Affairs the amount of crude oil needed to be sent abroad for refining to meet the country's daily need of oil products, up to a limit of 190,000 barrels, so that the price of the aforementioned oil can be calculated according to the foreign exchange and rial price of oil sales expected in this law, and it will be added on the one hand to the nation's general revenues and on the other hand it will be added to the payments account for the credits in the row in Part 4 of this law.

D: In the year 1373 the credit documents for the executive organizations (ministries, government institutions, government companies, profit-making institutions affiliated with the government, and institutions and companies whose names must be mentioned by law), which were opened to be drawn from the foreign exchange banking facilities in any case by the nation's banking network before the year 1372 [21 March 1993-20 March 1994], must be calculated and settled on the date of the deposit of the relevant credit documents and the documents must be presented to the relevant executive organizations at the floating foreign exchange rate given in this law.

H: 1 - The Central Bank of the Islamic Republic of Iran is required to convert 85 percent of the foreign exchange obtained from each shipment of crude oil or oil byproducts at the time the foreign exchange is received at the floating foreign exchange rate, it will convert the other 15 percent to rials at the official foreign exchange rate as of the end of Esfand 1371 [19 March 1993], and it must deposit the funds obtained in the relevant general revenue accounts in the name of the Treasury.

2 - The Central Bank of the Islamic Republic of Iran will calculate the difference between the official foreign exchange rate as of the end of the month of Esfand 1371 and the floating foreign exchange rate announced on the relevant day for the 15 percent mentioned in Paragraph 1 of this law, and the difference in rials from the foreign exchange commitments made in Paragraph D of this note in previous years that have come due will be settled in the year 1373 through the foreign exchange commitments fund account.

3 - The Central Bank of the Islamic Republic of Iran is required to deposit the net revenues derived from buying and selling foreign exchange on the intervention market in the aforementioned foreign exchange commitments fund account.

4 - The aforementioned fund account will be used solely to pay foreign exchange commitments in the current year, and the government will not have the right to use the aforementioned account in any way other than the aforementioned instances without the permission of the Majles.

V: Ten percent of the foreign exchange and rial revenues from extending visas and consulate revenues is allocated to buy rehabilitation equipment for handicapped people (which will be exempt from fees and commercial profits).

Views of Some Deputies Concerning the Creation of New Foreign Exchange Commitments

During a speech Mr. Nowbakht said: Paragraph B says the government is authorized to take steps by transferring existing foreign exchange commitments. We now have $8 to $10 billion in commitments to other countries. Isn't it reasonable for us to take another look at the nation's existing commitments and for those that are appropriate to be eliminated? Then we can carry out these important projects on which we are at the contract stage, such as Karun 4, on which we have advanced to the contract stage with the Japanese.

It is a contract with a very suitable profit rate whose payments begin after the project goes into operation, and the amount of the payments is quite small. They must also import the technology. If we implement this project alone, it needs more than 2.4 billion, while we have set aside only a total of 2.4 billion for all four projects.

He then continued: This is not a new commitment. For example, in some commitments goods have not been imported, and even though they are not imported and no problem arises, we eliminate them. Therefore, all deputies desiring to limit commitments and improve on commitments must vote for it.

Engineer Nabavi's Views

During a speech Engineer Nabavi discussed Nowbakht's remarks. He said: If Mr. Nowbakht had given an example of these potential commitments and purchases that were eliminated, we would have accepted what he said. These purchases go through various phases, and it is not practical to eliminate or convert these potential commitments.

In the same regard he added: Someone went and got a loan from the bank. He paid the profit on the loan and all the money for his imported goods. Now the banks are not willing to give this money back if should be willing to cancel these purchases.

Then there were efforts for several months to stop potential purchases, and so far there has been no result, and the likelihood of a result is quite small. Havardi made a list of things that could be stopped, but he saw that the goods have already been imported.

Therefore these new finances will be added to our foreign exchange commitments.

If we do not want our commitments to be more than 1.9 billion, although these projects are quite important, due to the many commitments that have been made, instead of doing more financing and buy-backs, the emphasis has been laid on usance and short-term purchases, and now the country is in a situation with heavy commitments. Now that they are being refinanced, when these new loans come due in a few years it will be at the same time our refinance payments are due, and at that time we will be faced with about $20 to $15 billion in commitments that are due. Therefore these financing arrangements are being added to our foreign exchange commitments.

Mr. Mirvalad's Views

Mr. Mirvalad, expert on the commission, discussed the creation of new foreign exchange commitments. He said: One of the most controversial issues discussed in our commission was this very Paragraph B, Note 29. The Plan and Budget Commission is fully aware of foreign commitments. We know that the very important projects must be implemented, and some of them have been written up as contracts.

The discussed the importance of these projects. He said: We agreed on two issues, one that the nation's commitments must not increase beyond a ceiling of $1.6 billion, and the other that these projects are very important and cannot be eliminated. The commission therefore authorized the government to transfer existing foreign exchange commitments until the end of the year 1372.

Engineer Jalali's Views

One proposal was to delete the phrase "and implementation of the project must be done so that the annual repayments on both the capital investment and related expenses be done after the project goes into operation" from Row 3, Paragraph B of Note 29. Concerning this, Mr. Jalali said: In this paragraph we did not make any request to increase numbers in terms of foreign exchange. This is merely the deletion of a phrase that creates problems with the implementation of projects to develop sugarcane.

He added: As you know, the General Agreement on Tariffs and Trade, signed by 117 nations, removes the subsidies on agricultural goods. Therefore, if we do not have the necessary investment for agricultural projects, in the not-too-distant future we will have to put all the nation's foreign exchange revenues into the crops the country needs.

Engineer Nabavi's Views

Continuing, Engineer Nabavi spoke in opposition to the above proposal. He said: If we did not have the bitter experience of outstanding debts, there would be no problem for Mr. Jalali to be here defending the removal of this restriction.

He added: The repayments begin after operation begins. This is the minimum restriction that must be used. Otherwise, it is like the situation we are facing. That is, payments pile up and the country does not have the ability to make them and the country's political and economic prestige is lost. That is, you want them to go and make foreign commitments without restrictions or requirements, without any thought about paying them back when they come due.

Note 30

A - The projects having to do with reconstruction development projects in the war-stricken areas in Part 3, B, Supplement 1 of this law, as recommended by the executive organization and approved by the relevant province reconstruction staff, are designated for the cities and rural areas under construction, for consumption after the exchange of agreements with the province plan and budget organization.

B - The R320 billion in development credits in this law will be usable to pay for the losses of those who suffered damages from the war, those who suffered losses due to systematic enemy fire or at the hands of the counterrevolutionaries, to pay for the losses individuals caused by the above causes, and also to pay the difference between the profit and the earnings on the loans granted in this regard.

J: For all the means credits in this note, veterans, families of martyrs and former prisoners of war have priority.

D: Supervision by the deputies from the cities under reconstruction (war-stricken) of the implementation of the provision of this note will be done at the province and municipal centers.

The executive guidelines for this note will be prepared as jointly recommended by the Reconstruction Staff, the Ministry of the Interior and the Plan and Budget Organization, with the approval of the Council of Ministers.

Note 31

The court costs for cases arising from Article 86 of the Guidelines Law for Civil Proceedings on Immovable Assets, in the event that the sum demanded is less than the reasonable price, will be based on the reasonable price and if the sum demanded is greater than the reasonable price, the the court costs will be collected based on the sum demanded. From the point of view of competence, however, the price demanded is the same as what is determined in the court.

Note 32

The Iran Fisheries Corporation is authorized, with approval from the Economic Council, to deposit R3 billion from the sale of its assets which it is transferring to the people, into the Treasury's general revenues account.

Fifty percent of the sums deposited under Part 4 of this law will be given to the aforementioned company for use implementing the relevant investment projects.

Note 33

A: Authorization is given for any revenues in excess of the approved and expected revenues in the 1373 national budget to be used by the Technical Laboratories Corporation and the earth engineers affiliated with the Ministry of Roads and Transportation, with the approval of the company's general assembly, to pay allocated investment expenses for the purpose of developing and equipping the central laboratory and its branches in all provinces.

B: The Public Terminals for Freight Vehicles Company, affiliated with the Ministry of Roads and Transportation, is authorized to draw 1 percent of the sums given on bills of lading issued throughout the country, which are deposited in the Row 419955, General Revenues Account, in Part 3 of this law, from the credits in Row 503196 in Part 4 of this law and to spend it to build new terminals.

The aforementioned 1 percent of the bills of lading will be considered tax-exempt.

J: Based on Article 24 of the International Transportation and Shipping Agreement for Roads in Iran and Turkey, the Ministry of Roads and Transportation is authorized, in implementing Paragraph 5 of the aforementioned agreement, to collect R5 billion and deposit it into the nation's general revenues account.

Fifty percent of the funds collected from this source will be given to the private Public Terminals for Freight Vehicles Company for use creating roadside service and welfare complexes for drivers (trailer parks) on the nation's transit roads.

D: The Ministry of Roads and Transportation is authorized to sell surplus sand, gravel, and asphalt produced at the Sarand and Sang Shekan centers or those produced by its asphalt plants and to deposit the funds obtained into the nation's general revenues account. After deposit in the Treasury, 50 percent of the funds obtained through these sales will be given to the Ministry of Roads and Transportation for use maintaining the aforementioned units.

H: The Ministry of Roads and Transportation is exempt from payment of the consumer electrical power price for power used to illuminate and ventilate tunnels, for lights used for foggy locations and the existing flashing lights along the nation's roads.

Note 34

The Ministry of Economic and Financial Affairs is authorized to study and amend tax procedures and systems in order to meet projected tax revenues for the year 1373.

1 - It may hire 1,000 people with high school diplomas and higher (with priority to former prisoners of war and those who have sacrificed), without the need to obtain authorization from other authorities, while adhering to administrative and employment laws and regulations.

2 - It may complete buildings under construction and buy suitable land in cities with populations of less than 75,000, and it may purchase the needed administrative supplies.

3 - The maximum amount of the credits in the row in Part 4 of this law will be given to the Ministry of Economic and Financial Affairs for distribution among the central units and the general offices of economic and financial affairs based on the exchange of agreements with the Plan and Budget Organization and the allocation of credits for the payment of personnel costs and the other costs associated with the above Rows 1 and 2 and the current and fixed expenses arising from the implementation in 1373 of notes 25 in the budget laws for the years 1369 [21 March 1990-20 March 1991], 1370 [21 March 1991-20 March 1992], 1371 [21

March 1992-20 March 1993] and 1372 throughout the country, and other expenses needed to reach the aforementioned goals.

4 - The Ministry of Economic and Financial Affairs is required to submit a report on performance under this note once every four months to the Plan and Budget Commission and the Economic and Financial Affairs and Cooperatives Commission.

5 - To create conditions making it possible to realize the projected tax revenues in this law, authorization is given to the Ministry of Economic and Financial Affairs to issue an economic card (including an economic number) to real persons and legal entities. All real persons and legal entities who are required by declaration of the Ministry of Economic and Financial Affairs to have an economic number are required, based on guidelines to be prepared and distributed by the aforementioned ministry, to issue statements on all their transactions and to use the aforementioned economic number on all the relevant statements, forms and financial papers.

The failure to issue statements, the failure to include the economic number, or the failure to observe the guidelines issued by the Ministry of Economic and Financial Affairs will discredit the offices involved and will result in the following fines:

- For the first time, the fine will be twice the amount of the transaction.
- For the second time, the place of business will be closed or operations will be stopped, as appropriate, for three months.
- For the third time, penal imprisonment will be ordered for three to six months for the person in violation and for the manager or managers responsible in the case of legal entities.

Prosecution and the filing of complaints against the violators with the judicial authorities will be subject to a complaint from the Ministry of Economic and Financial Affairs.

Note 35

All executive organizations, bodies of the Islamic revolution, government institutions, organizations and affiliated companies, and also municipalities are required to settle their outstanding debts with the Social Security Organization by the end of the year 1373 [20 March 1995]. A joint commission composed of representatives from the Plan and Budget Organization, the Social Security Organization, and the debtor organization will implement this note. If the above commission's decisions are not carried out by the debtor organization, the Plan and Budget Organization is authorized to make the designated installment payments to the Social Security Organization out of credits approved for the relevant organization.

The outstanding debts of bakers to the Social Security Organization for worker insurance premiums will be paid by the end of the year 1371 [20 March 1993, as published] up to a limit of R10 billion out of the funds in Row 266512 in Part 4 of this law.

Note 36

A: The government is authorized to take the following funds and apply them to losses in the nation's general revenues:

1 - Two percent of the nightly rate for a passenger at one- to five-star hotels, at public beaches and at beach complexes.

2 - The revenues obtained from the implementation of the Law To Collect Fees From Applicants To Participate in Group Tourist Tours and Pilgrimages Outside the Country.

3 - A 10-percent increase in the price of press advertisements (for newspapers with circulations of more than 10,000 copies).

4 - Revenues derived from the cultural, arts and tourist activities of the Ministry of Culture and Islamic Guidance.

5 - The sum of R50 for every cassette and reel-to-reel tape for imported tape recorders (with the exception of tapes imported by the Voice and Vision organization of the Islamic Republic of Iran) and R500 for each imported video tape.

6 - Five percent of the total costs incurred for press affairs (including lithography, typesetting and printing) with the exception of books, publications and printing activities for government training.

7 - Three percent of the price of imported printing machinery and equipment associated with the printing industry, based on customs proforms.

8 - Five percent of the office price of printing presses, printing machinery and other equipment associated with the authorization for their shipping and transportation issued by the Ministry of Culture and Islamic Guidance.

9 - Five percent of the C.I.F. [cost, insurance, freight] price of imported audiovisual equipment such as color televisions, videocassette recorders and movie cameras, with the exception of audiovisual equipment needed by the Voice and Vision organization of the Islamic Republic of Iran.

10 - The revenues obtained through implementation of the law increasing penalties for the those who do unauthorized production, reproduction and distribution of video tapes, in the amount of R10 billion, will be deposited in the general revenues account and 100 percent of that will be given to the Ministry of Culture and Islamic Guidance for the purpose of producing video films and to support the nation's video networks.

Authorization is given for 100 percent of the revenues in Rows 1 and 2 to be used to provide educational services and training to the Iranian and international tourist industry; for 100 percent of the revenues in Row 4 to be used to train press personnel; to support the development of sound press activities in the country and to create training programs for newspaper journalism; to provide social security and welfare for newspaper journalists; to publish appropriate publications outside the country and to meet the expenses of the Islamic Thought Foundation; for 100 percent of the revenues in Rows 4 and 5 of this law to be used for aiding and supporting cultural and artistic guidance and support activities such as holding festivals and exhibitions; for 100 percent of the revenues in Rows 6, 7, and 8 to be used to develop and expand the printing and publishing industry to meet the cultural goals of the Islamic Republic of Iran; and for 100 percent of the revenues in Row 9 to be used to promote Islamic culture out of the relevant credits provided in this law. Of these funds, 60 and 40 percent, respectively, will be given to the Ministry of Culture and Islamic Guidance and the Islamic Propaganda Organization.

The figure of R20 in the law to collect fees on cement and allocate it to the National Historic Sites Society, enacted in 1342 [21 March 1963-20 March 1964] is changed to R300 and all the revenues obtained will be given to the Ministry of Culture and Islamic Guidance to repair, rebuild, and operate the nation's cultural sites, heritage and valuable historic buildings, and also to commemorate points of cultural pride.

B: The Ministry of Culture and Islamic Guidance is authorized to collect a sum based on a tariff to be recommended by the aforementioned ministry and approved by the Council of Ministers, in return for expert and educational services to hotels and their employees, and to deposit these funds in the nation's general revenues account. The equivalent amount of the deposited funds will be given to the aforementioned ministry out of the relevant credits provided in this law, to be spent on the related expert and educational costs.

J: The phrase "not to exceed R50" is deleted from the text of Note 45 of the National Budget Amendment Law of 1343 [21 March 1964-20 March 1965].

D: The executive guidelines for this note, to include the procedures for collecting the above revenues and the instances of their use, will be proposed by the Ministry of Culture and Islamic Guidance, the Islamic Propaganda Organization and the Plan and Budget Organization and approved by the Council of Ministers.

Majles Notes

Engineer Bahonar's Answer to Mr. Rowghani-Zanjani's Comments

The study of Note 39, especially Paragraph B, was controversial. Mr. Rowghani-Zanjani, attending the Majles as the government's representative, defended the new foreign exchange commitments given in Paragraph B, and in part of his speech, opposing the opponents, he said: "One cannot manage the country with slogans."

In a guideline memo, Engineer Bahonar asked permission to answer him on this point. During a speech he said: At the beginning of my speech I said: The government's performance in the economic sector in the First Five-Year Plan was something miraculous, and I believe in it. I said that these commitments are not significant numbers at all compared to our gross national product. I said the gentlemen are not taking one point into consideration, which is that the world magnifies our problems. They said we have turned the Bahai cemetery into a public park, and therefore human rights are not observed in Iran. If we owe a dollar in the country, they exaggerate it 1,000 times. Mr. Rowghani-Zanjani said: "One cannot manage the country with slogans, we went and built bridges, roads and other things." We know all these things much better than he does. We have spoken and given speeches. We also have his belief, and in practice we have shown how steadfast we are and that we follow the government of Mr Hashemi and we support him. However, if we object to the performance of one or two organizations, this can't be called sloganeering (shouts of approval from the deputies).

Report on 9 Mar 94 Majles Session

94LA0132A Tehran RESALAT in Persian
10 Mar 94 p 5

[Text] Legislative and Parliamentary Affairs Division. After studying the notes for the 1373 [21 March 1994-20 March 1995] national budget for five days, yesterday morning the Majles approved 85 budget notes. Likewise, yesterday afternoon the Majles studied the notes appended by the Majles commissions, which are presented below for our esteemed readers.

Majles Speaker's Remarks

'Ali Akbar Nateq-Nuri, speaker of the Majles, gave a short speech yesterday concerning International Jerusalem Day. He said: This year we are staging the Jerusalem Day demonstration at a time when right in the blessed month of Ramazan the children of Jerusalem and our dear Muslims were slaughtered by the Zionists right beside the chaste grave of the hero of unity, Ibrahim Khalil (peace be upon him), as they were doing their prayers and prostrations.

The speaker said the Jerusalem issue is not only for the nation of Palestine or the Muslim Arabs. Jerusalem belongs to all the Muslims of the world. The aggression and occupation of Jerusalem was aggression against the

Muslim world. Therefore, the Muslim world must rise up to liberate sacred Jerusalem and liberate the foremost Muslim shrine from the usurper occupiers.

Of course, in the beginning world imperialism, criminal America, and the Zionists tried to view this issue as pertaining only to the Arabs and the Arab-Israeli war and to set up peace between the Arabs and Israel in order to continue the occupation and stabilize the Zionist government. Then they gradually lowered the issue from an Arab-Israeli issue to one involving only the Palestinians and Israelis. Recently they have limited it even more and have confined it to the al-Fatah organization and Israel, and finally, with the signing of the peace agreement with 'Arafat, they summarized it as the solution to the issue of the occupied territories.

In the same regard the Majles speaker said: I have often told these dear and great religious crusaders from the intifadah and the Islamic Jihad when they came to the Majles and we met that if, God forbid, they abandon the Palestine and Jerusalem issue one day, they must definitely know that we will not abandon it. For us the Jerusalem issue is one of aspirations and belief.

Nateq-Nuri explained that to liberate sacred Jerusalem all Muslims must arise. Continuing, he said: This year especially it should have become clear to the Muslims and the governments of the other Islamic nations that the nature of the ones seeking dominion is that if you take one step back, they will take a step forward and boldly continue with their crimes.

Continuing, the Majles speaker discussed the shameful Gaza-Jericho Treaty, the fact that Israel has not retreated a single step and the silence of the United Nations, the Security Council, and the supporters of human rights towards the slaughter of the Muslims of al-Khalil. He said: The Islamic and Muslim nations must adopt this as a basic thesis, acquire solidarity, and declare their anger at these terrifying crimes by attending the Jerusalem Day demonstration.

Legislation

Tuesday Night's Majles Legislation

Legislative and Parliamentary Affairs Division. The Majles met in open session Tuesday night and approved parts of the 1373 budget. Note 37, which was approved, states:

Note 37

A: At least R410 billion as special credits for the nation's deprived areas in this law divided according to section will be allocated 100 percent to each province in addition to its share of province and national credits for the nation's deprived areas, to be used for education and training projects (with priority for the construction, development and equipping of around-the-clock centers), projects in health care and water service, multipurpose employment-creating infrastructure operations (infrastructure development in the reconstruction crusade's industrial areas, aid to infrastructure development in the industrial villages, small water and soil projects and small operations to procure water, organizational houses, the Ministry of Labor's centers for technical and professional training and building space for rural communications and suitable sports facilities), rural electrical power delivery, suitable rural roads (with priority to operations to asphalt secondary and rural roads), and to improve the nations' deprived rural areas and villages in the framework of specific new projects and also through the completion of specific half-complete projects in the deprived rural and tribal areas.

B: The sum of R1.5 billion will be given to the Ministry of Culture and Higher Education to establish and start preuniversity high schools, as well as the sum of R3.5 billion to form supplementary classes to increase the academic foundation and preparedness for participation in the national admissions test for students in the deprived areas. The sum of R5.5 billion will also be given to the Ministry of Education and Training to equip and start special half-centralized educational centers in the villages in the nation's deprived areas. Supervision of implementation will be done by the president of the republic's office of Deprived Areas Affairs.

Note 38

Iran Customs is authorized to collect R1.44 billion in revenues from special customs services rendered outside office hours and on holidays, in accordance with the legal regulations for customs affairs and the customs executive guidelines.

Note 39

A: The National Aviation Organization is authorized to collect funds for services rendered to foreign officials, guests and travelers who pass through the pavilions of the nation's airports and to deposit the funds in the general revenue account. The revenues collected under the aforementioned row will be given to the National Aviation Organization to develop, equip, and manage the nation's pavilions.

B: The National Aviation Organization is authorized to collect the price of airport services, flight services, and services related to flights based on tables and amounts to be approved by the Council of Ministers, and to deposit the funds into the national general revenues account with the general treasurer.

J: The regulations in Paragraph B of this note will not apply to the citizens of countries that do not collect comparable funds from Iranian officials and travelers.

D: The National Aviation Organization is required to collect the price of airport services and to deposit the funds obtained into the national general revenues account with the general treasurer. The sum of 50 percent of the above collected funds to a maximum of R50 billion will be given to the aforementioned organization to be spent equipping and maintaining the nation's airports and to complete the Imam Khomeyni airport.

Note 40

1 - The Ministry of Culture and Higher Education and the Ministry of Health Care, Treatment and Medical Education are authorized:

A: To transfer students receiving foreign exchange to domestic universities and institutions of higher learning, and the equivalent annual amount in rials allocated to each student will be collected from the student annually as tuition. The foreign exchange mentioned in this paragraph will be given to the relevant universities and institutions of higher learning at the price of 1,750 rials [R].

B: The rate on the foreign exchange given to the students on scholarship and not on scholarship will be determined based on a set of guidelines as recommended by the aforementioned ministries and approved by the Council of Ministers.

Note 42

A: The Ministry of Education and Training is authorized to distribute the budget for the current year among its affiliated teacher colleges.

The aforementioned teacher colleges will spend the relevant credits based on the Law on Procedures for Conducting Financial Affairs and Transactions for Universities and Institutions of Higher Education and Research, and these credits will be considered fixed expenses.

Note 43

The Ministry of Education and Training is authorized to use second- and night-shift capacities at its educational centers to carry out official or short-term educational programs in return for the collection of educational expenses from individual applicants and institutions. All funds so collected will be deposited in the general revenues account and the equivalent amount will be given to the Ministry of Education and Training to meet some of the expenses at the aforementioned schools and programs to be spent based on a set of guidelines that will be recommended by the Ministry of Education and Training and approved by the Council of Ministers.

Note 44

A: The Iran Tobacco Company is required to collect 2 percent of the price of tobacco leaves from tobacco growers and to deposit the money into the general revenues account.

B: The government is required to allocate R435 million of the revenues from implementing Paragraph A in this note, after allocating credits for each province with the approval of planning committees in the relevant provinces as revenues for each district, for the specified projects for the rural areas in the same district.

Note 45

The Iran Physical Training Organization and the Ministry of Labor and Social Affairs are authorized to sell their athletic sites and institutions, as well as transferable half-complete projects, to the nongovernment sector, preserving their applicability and as designated by a council composed of representatives from the aforementioned organizations as appropriate, the Ministry of Economic and Financial Affairs and the Plan and Budget Organization, adhering to regulations, and to deposit the revenues obtained into the nation's general revenues account.

Note 46

The government is required to transfer to the nongovernment sector the movable and immovable assets and funds created out of credits from the development project to complete half-complete middle-level tourist facilities, while preserving applicability and adhering to the relevant laws and regulations, and to deposit the funds obtained into the general treasurer's account.

Of the above funds, 100 percent will be given to the Ministry of Culture and Islamic Guidance to be spent after the exchange of agreements with the Plan and Budget Organization on the development of tourist activities with priority to the relevant provinces.

Note 47

The Central Bank of the Islamic Republic of Iran is required to procure from its resources or that of other banks the funds needed for the guaranteed purchases of basic agricultural and animal husbandry goods based on the measures enacted by the Economic Council in the first half of the year 1373, and to provide the funds as short-term loans (capital) to the relevant executive organizations.

If the relevant executive organizations, due to losses on the guaranteed purchases of agricultural and animal husbandry goods in previous years, are indebted to the acting bank, until the credits are procured and paid by the Consumer and Producer Protection Organization the executive organizations will be given 30 percent of the approved credits without taking former debts into account.

The Plan and Budget Organization is required to guarantee the repayment of the principle and fees on the aforementioned loans, which are to be spent adhering to the provisions of Note 70 of the Public Accounting Law.

The aforementioned guarantee does absolve the banks of the responsibility to collect the aforementioned uncollected debts.

The executive organizations drawing from the credit facilities are required to repay bank debts, and the failure to repay will be treated as the illegal confiscation of government funds and assets.

Note 48

The government is authorized, with the recommendation of the Plan and Budget Organization, to guarantee the domestic loans pertaining to the projects approved by the Economic Council given to the government, including the companies whose names must be mentioned according to the law and the nongovernment public bodies, arising from the government's policies of economic adjustment. These loans will be made exclusively from the resources of the agent banks.

Note 49

A: In the year 1373 the Iran National Industries Organization is required to deposit R50 billion of the funds obtained from the sale of the shares of factories and companies under its control in the general revenues account.

B: In the year 1373 the Iran Industries Development and New Construction Organization is required to deposit R50 billion of the funds obtained from the sale of the shares of the companies under its control in the general revenues account.

The sum of 50 percent of the funds deposited will be given to the aforementioned organization to be spent completing the following projects:

1 - Heavy diesel motors

2 - Metal shaping machinery

3 - Oil, gas, and petrochemical industries

4 - Heavy electrical machinery

5 - Large pumps and hydraulic turbines

6 - Heavy machine tools

7 - Repair of the Arak Foundry and Iron Works

J: At least 2 percent of the credits in Paragraphs A and B in this note will be given to the Ministry of Education and Training after deposit into the treasury, to be spent on development expenses.

D: The sum of R5 billion (from the sale of shares of government factories) is added for the purpose of continuing emergency measures to deal with the effects arising from service during imprisonment and the costs of convalescence and aid to needy former prisoners of war (Former Prisoners of War Staff row).

Note 50

The Central Bank of the Islamic Republic of Iran is required, within the framework of the nation's monetary policies and based on approval by the Economic Council, to provide the needed credit facilities out of banking system resources to invest in the group of nongovernment sector activities, which are required to provide goods and services at a fixed price in the year 1373 or are authorized based on measures enacted by the Economic Council to draw from the means provided in this note.

The government is authorized to guarantee for 10 years the repayments and 10 percent of the difference between the profits and fees on the necessary banking facilities to expedite the reordering of part of the ad hoc housing of the tribal societies in the areas which are talented and have producing groups, in the framework of implementing development in all the tribal areas.

The banking facilities to implement this note are set at R20 billion.

Yesterday Morning's Legislation

Note 52

The sum of R51 billion will be given to the Ministry of Housing and Urban Construction to repay the commitments made by the government based on Paragraph 4 of Part A, Part D, Note 6 of Paragraph B, Note 8 and Note 54 of the 1372 [21 March 1993-20 March 1994] budget bill, to procure the difference between the profit and the fees for the banking facilities in the protected housing sector (the consumption model approved by the Supreme Consumption Model Approval Council), to help with investment in social housing (rental and lease purchase housing), to improve rural housing, to help with the construction of infrastructure facilities in the new cities and to prepare for supported housing.

The sum of R20 billion from the credit facilities in this note is allocated for housing loans to wounded veterans with greater than 25 percent disabilities and the families of martyrs, with a repayment period of 20 years, and the sum of R5 billion is allocated to spend preparing the land transferred to wounded veterans with greater than 40 percent disabilities.

The agent banks are required, without obtaining security and solely based on approvals and referrals from the Ministry of Housing and Urban Construction (the Islamic Revolution Housing Foundation), to pay the housing loans needed to improve the housing of rural people and teachers residing in rural areas from these same banking facilities.

In distributing bank credits for the housing and construction sector, the government is required to designate a specific percentage and allocate it for rural housing.

With the approval of this note all privileges for special classes that have been previously approved with the exception of what has been given in the Teacher Housing Law are void, and all support provided will be done solely through this means.

The executive guidelines for this note will be jointly recommended by the Ministry of Housing and Urban Construction and the Plan and Budget Organization, and approved by the Council of Ministers.

Note 53

A: Note 85 of the 1372 budget bill is amended as follows:

1 - As of 1/1/1373 [21 March 1994] the government is authorized, in return for issuing and extending each ordinary visa inside the country, to collect respectively the sums of R50,000 and R2,000 and to deposit the money into the national general revenues account.

2 - Within one month of the date of this law's approval the government is required to present the Exemptions Bill to the Majles.

B: he amounts mentioned in Article 1 of the law on collecting fees for departing from the country enacted by the Majles 5/1/1364 [23 July 1984] will be increased for the first time by R70,000 each year and for the second and additional times in the same year will be increased to R120,000 the same year for each instance.

Note 54

A: The Ministry of the Reconstruction Crusade is authorized:

1 - To sell at a reasonable price after utilization the lands mentioned in Article 31 of the law amending the Bill To Transfer and Revitalize Lands in the Islamic Republic of Iran, enacted 2/31/1359 [21 May 1980] by the Revolutionary Council. This applies to lands that were transferred or will be transferred to units having to do with agricultural activity. The ministry is authorized to deposit the funds received into the general revenues account.

4 - To collect R40,000 for issuing authorization to export each head of sheep and goat in the year 1373 to a limit of 1 million head, 50 percent of which is for sheep and 50 percent of which is for goats, and to deposit the revenues obtained in the general revenues account.

5 - The sum of 50 percent of the revenues given in paragraphs 1, 2, 3, and 4 of Part A is authorized after the collection of the revenues pertaining to rows for the Ministry of the Reconstruction Crusade's development projects.

2 [as published] - To deduct R2 from the price of each kilogram of wheat purchased in the year 1373 (R1 from the farmer and R1 by economizing on the ancillary expenses of purchasing wheat) and to deposit the money in the general revenues account.

The sum of 100 percent of the amounts deposited will be given to the National Rural Cooperatives Organization to be spent building silos and multipurpose warehouses.

Proposal To Eliminate Note 55

Some of the deputies proposed eliminating Note 55. Speaking in opposition, Mr. Nowbakht said: Last year during consideration of the budget, I had the honor of a visit with the exalted leader. He gave special emphasis to the fact that in the 1372 budget we have an outstanding place for fighting the cultural invasion.

He added: This guidance caused the above note to be presented by the deputies. The blessings of this guidance were that in our responsible cultural organizations such as the Voice and Vision organization we have seen the start of the third channel, Payam radio, the province network and other things. In the Ministry of Education and Training we have 50 cultural societies, various video clubs, and special youth programs.

If we want to strengthen these organizations to fight the cultural invasion, if this note is eliminated, how can these credits be increased?

Continuing, Mr. Rahmani, speaking in support of the proposal to eliminate, said: The comments from the leader of the revolution were made under conditions when the budget was almost closed and was before the Majles. Really, when this year the government had the opportunity to include this note in the form of rows, why was it presented to the Majles as an item outside the program? On the other hand, should everything be spent in connection with cultural problems?

The expert from the joint commission then announced his opposition to this proposal. He said: Last year when 54 notes were approved in open sessions, a proposal was made by a group of deputies to the effect that Note 55 is for the purpose of fighting the cultural invasion.

The Plan and Budget Commission expected that this year when the government presented the budget it would not bring Note 55, but instead would provide the credits for this sector. We also believe that this budget writing is against the interest of our country. It is not appropriate for us to approve all the notes and then at the end to say that you should give 1 percent of the money for some other purpose.

The government representative also discussed the elimination of Note 55. He said: It is not sufficient reason

that if we had a real budget-writing system we would be able to solve all the problems and this would also be solved.

Last year, for the purpose of defending the issue of opposing the cultural invasion and following the exalted leader, the Majles made a symbolic move, and it allocated a figure from all the budgets for this purpose.

He added: If we eliminate this note this year what will happen? Some projects that are half-complete will remain in that state. You who are speaking of elimination, what will the replacement be? After the completion of the remarks in favor and in opposition and the comments from the representatives of the commission and the government, the proposal to eliminate Note 55, which was set in the budget to fight the cultural invasion, did not receive a passing vote.

Note 55

To fight the cultural invasion and alleviate deprivation, to make efforts towards the nation's self-sufficiency, the Credit Allocation Committee is required at the time of allocating credits to deduct 1 percent of all the country's general revenues for 1373 (with the exception of sums whose disposition has already been determined by the time of this note, credits for education and training, higher education and research, health care and treatment, food and defense) and add them to the following rows:

1 - Sixty percent of the aforementioned amount will be given to the office of the president of the republic to be spent under the supervision of a council chaired by the president of the republic and with the minister of education and training, the minister of culture and Islamic guidance, the minister of culture and higher education, the minister of health care, treatment and medical education, and the chiefs of the Plan and Budget Organization, the Physical Training Organization and the Islamic Propaganda Organization as its members, specifically for the implementation of suitable projects to fight the cultural invasion, and a report on its performance will be sent to the Islamic Council once every three months.

Note 56

The universities and institutions of higher learning and research affiliated with the Ministry of Culture and Higher Education are authorized to collect from applicants who are real persons and legal entities and deposit into the treasury as specialist revenue the revenues derived from the following activities: conducting night classes, conducting special classes, consulting, executive and expert services, treatment, veterinary, technical, laboratory and factory services, printing and reproduction, the sale of books, publications, the results of technical research and production information, the sale of agricultural crops, livestock and the like and the sale of educational, research, cultural, athletic and welfare services, in accordance with a tariff to be approved by the board of trustees.

Note 57

To improve quality and support and to encourage exports of products from conversion industry agricultural factories, the Ministry of Economic and Financial Affairs is required to take 1 percent of the domestic sales of products from these types of factories for the year 1373 and to deposit it into the general revenues account.

Note 58

The Law on Collecting Some Government Revenues and Spending it on Specific Items enacted in 1369 [21 March 1990-20 March 1991] and the orders pertaining to the collection of general revenues given in the Islamic Republic of Iran's First Five-Year Economic, Social and Cultural Development Plan Law will remain in force in the year 1373 until enactment and mandatory implementation of the Bill on Collecting Some Government Revenues and Spending It on Specific Items and the Second Five-Year Economic, Social and Cultural Development Plan Law, adhering to the regulations under this law.

Report on Yesterday Afternoon's Majles Session

At yesterday afternoon's Majles session, proposed commission additions were presented and some were approved.

Oil Commission's Proposed Addition

Oil Commission's proposal: Note 29 was amended with the following text as Paragraph 10, Part A:

The Iran Gas Company is authorized to spend on gas delivery the revenues derived from liquid gas exports in the year 1373.

Industries Commission's Proposed Addition

The next proposed addition, which was approved by the deputies, was recommended by the Industries Commission as follows:

The Ministry of Heavy Industries is authorized to sign contracts with companies, institutions, government and private factories and real persons whose competence is confirmed by the aforementioned ministry, for the building of machinery prototypes and industrial equipment, using the development credits from the project to provide technical and technological assistance to heavy industries, and builders of prototypes and industrial Equipment, and instead of obtaining bank letters of guarantee for down payments, they may make the down payments towards their contracts after obtaining a promissory note or any other means.

Labor Commission's Proposed Addition

The next added paragraph was approved by the deputies on the recommendation of the Labor Commission, as follows:

R50 billion from Paragraph D, Article 1 will be given to the Interest-Free Loan Fund for Supporting Employment Opportunities to be spent creating new employment opportunities and protecting existing jobs throughout the country.

Power Commission's Proposed Addition

The next added paragraph, which was approved by the deputies, was recommended by the Power Commission as follows: All government institutions, including the executive organizations of government companies and profit-making institutions affiliated with the government and the private sector, before making any kind of foreign purchase in the area of ionizing radiation materials and equipment that in some way has to do with ionizing radiation and nonionizing raditions, are required to obtain certification from the Iran Atomic Energy Commission that the item to be purchased is not made domestically and that the technical knowledge does not exist domestically.

Proposed Addition Concerning Per Diem Payments

The next proposed added paragraph, which was approved by the Majles deputies, was as follows:

The government ministries, organizations, bodies, companies, and all institutions whose names must be mentioned according to the law, including the Iran National Oil Company, the National Steel Company, the Iran Industries Development and New Construction Organization, the National Industries Organization and others, may pay a maximum of R40,000 per diem to send agents abroad if their travel expenses are nonpersonal, and it is prohibited to receive funds in excess of the above, whether in rials or foreign exchange, and will be regarded as illegal confiscation of government assets.

Proposed Addition Concerning Around-The-Clock Schools

To adjust the food expenses at around-the-clock schools and increase them from R750 to R1,500 per day, the sum of R10 billion from Paragraph D Article 1 is given to the Ministry of Education and Training.

Deletion of Paragraph D, Note 29

At yesterday afternoon's session Paragraph D, Note 29 was deleted.

This paragraph states: In the year 1373 the credits for executive organizations, which are opened from foreign exchange means, must be calculated and settled on the day of the deposit of the credit documents at the floating rate provided.

Approval of Credentials of Mas'ud Karimpur, Deputy From Natanz

The credentials of Mas'ud Karimpur, deputy from Natanz, were presented at yesterday's session and approved by the Majles.

The next open Majles session will be at 1000 next Saturday.

'Abbas Darvish Tavangar Editorial on Budget

94LA0135A Tehran RESALAT in Persian
14, 15 Mar 94

[Two-part article by 'Abbas Darvish Tavangar, "Experts Deal With the 1373 Budget Bill"]

[14 Mar pp 1, 16]

[Part 1]

[Text] The Majles procedure for dealing with the 1373 [21 March 1994-20 March 1995] budget bill can be studied from various perspectives. One can say that the Majles measures in this regard are unprecedented in the past 15 years.

The reduction in the expenses of the government and government organizations, the fight against ostentation and extravagance, better supervision over government and public organizations and companies, the emphasis on reducing foreign exchange commitments and the prohibition on increased prices for public goods and services can be considered the most important measures enacted by the Fourth Majles.

The implementation of the First Five-Year Plan plan was done with economic pressures on the low-income classes. Although these pressures came from investment in some basic infrastructure in Iran's economy, since sufficient measures were not taken beforehand to support the oppressed classes and no thought was given to fixed incomes, its continuation in the old way created many problems for the deprived.

Wage and salary increases did not keep up with inflation, and the most important law to support the consumer was never prepared for enforcement during this plan.

Without carefully assessing the effects and consequences of the decision to increase the prices of public goods and services, prices increased with or without the approval of the Economic Council.

Unfortunately, in some cases the reasons for these increases were not explained to the people.

The question is not whether these increases were the required amounts or were made carefully with consideration for the probable effects and consequences. The issue is, before these kinds of decisions are taken some thought must be given to supporting the oppressed and the poor, as the real owners of the Islamic revolution, and to preventing them from coming under pressure. It

was on this basis that Note 25 in the budget bill was controversial among the Majles deputies. Ultimately, after debates and expert studies in the Majles, increases in the prices of oil by-products (such as kerosene, gasoline and gas oil) were rejected and raising the price of electrical power for 96.3 percent of household consumers (up to 500 kilowatts) was accepted. The other items in this note were approved with adjustments.

Emphasis on reducing foreign exchange commitments in the year 1373 is another of the characteristics of the budget bill approved by the Majles. Due to excessive imports, sometimes of consumer goods, and the emergence of a trade deficit, the nation's commitments increased. The lack of appropriate management for the aforementioned commitments created worries among the people, and this is the main cause of fluctuations in the prices of goods and services, and especially the foreign exchange rate on the free market. (1) By the end of the current year this situation led to about $30 billion in commitments, $15 to $20 billion in debts and $10 to $11 billion in suspended debts for Iran's economy.

The exalted leader His Holiness Ayatollah Khamene'i emphasized: "taking the necessary measures for keeping the country away from foreign borrowing and efforts to break free of current commitments" (4) [as published] as one of the policies governing the compilation of the Second Five-Year Plan. In its study of the 1373 budget, the Majles gave attention to implementing the order from the exalted leader. The first measure the Majles took was to make budget approval a two-consultation procedure. Thus, more realistic revenue levels were approved and the amount of revenues from oil exports, which was set by the government at $11.84 billion, was reduced to $10.154 billion. In the second consultation, based on this same revenue level, government expenses came down. The designation of expenses at the level of approved revenues will not prevent other expenditures from taking place if the nation's foreign exchange revenues increase.

The second move by the Majles was to cut $1.6 billion out of the foreign exchange commitments at the end of the year 1373 compared to the first part of this year, which was set in the government's bill at $1 billion.

The third move was that the foreign exchange reserves account, which was being kept at the Central Bank without authorization from the Majles, was put in order by the Majles deputies. It was decided that 15 percent of the revenues from the sale of oil would be deposited in this account at the official rate and would be used solely to pay foreign exchange commitments. Based on this measure, the government has no right to spend funds from this account except for this purpose. Of course other expenditures may be made with Majles authorization.

Footnotes

1. Late in the year 1371 [21 March 1992-20 March 1993] the rate for the dollar on the free market was 2,610 rials [R], and it increased to R2,700 by late in the current year. With Iran's agreements with Germany and Japan, this rate has dropped to R2,310 today.

2. Paragraph D, Note 11, Policies Governing the Second Five-Year Plan

[15 Mar pp 1, 16]

[Part 2]

[Text] The management of foreign exchange resources was not really done well during the First Five-Year Plan. Under the First Five-Year Plan authorization was given for up to $29.9 million in new commitments for specific projects.[1] Although no definitive opinion can be given in this regard, based on the preliminary estimates, $10 billion and at best $15 billion of the commitments created were in accordance with the designated projects under the Five-Year Plan. The Plan and Budget Organization has the definitive figures. Unfortunately, in violation of the law, this organization has not yet announced its report on the plan's performance[2] to permit documentation of the figures.

Therefore, the government did not intend to make $30 billion in commitments in every area, and the claim that the figure 30 was deliberately chosen is correct, but its uses were not in accordance with the Five-Year Plan. Second, most of the outstanding debts are usance and short-term debt, although in the measures approved under the Five-Year Plan, usance purchases in this form were not to have taken place.

It must be noted that $10 billion in outstanding debt in an economy like Iran's, which has rich wealth, cannot cause problems. For this reason, the approach taken to this issue by the West is more political than economic. Many countries have several times the amount of debt that Iran has, but nothing is even mentioned about them.

In any case, the outstanding debts are something that happened in the past, but since this was not managed well by the Ministry of Economic and Financial Affairs and the Central Bank, the problems came with it.

The reduction in government expenses and anchoring government companies can be said to be the most important characteristic of the 1373 budget bill. After the reduction in the oil revenues ceiling in the first consultation, which was necessarily followed by a reduction in government expenditures, some government organizations did not cooperate as required. Others took a position against this Majles decision.[3] At the same time the respected deputies, despite the lack of cooperation from some of the government's experts and representatives, themselves made new decisions concerning the government companies using expert studies, and one might be able to say that implementation of these revolutionary decisions in the government companies will become general.[4]

One of the problems with regard to these companies is that the real number of them is not given in the budget bills. By the end of the year 1371 [20 March 1993] 2,221

companies had been identified, of which 900 are clearly government companies.[5] Thanks to the inept management of the Plan and Budget Organization, the number of government companies was announced as being approximately 400 units.[6] The surprising thing is that even of this number that was confirmed, all did not submit their figures for inclusion in the budget bill. In the 1372 [21 March 1993-20 March 1994] budget bill, of 424 government companies, banks and profit-making institutions affiliated with the government, 284 units submitted their figures.[7]

Despite the fact that these companies draw from general revenues all of their profits are not deposited into the Treasury, yet their losses are imposed on the budget. Because the government and public companies have more privileges than other companies, one does not compete with them on equal terms. The law is not even enforced in many of these companies. The 8,750 reports on failure to obey the law and the 1,066 management violations in 1,567 companies and government and public institutions support this claim.[8]

Among the reasons there is a budget deficit every year is these very government and public companies. With their extravagance and ostentation, they impose the costs of their uneconomical management on the budget. The budget deficit was to have been reduced to zero in the year 1372, but this problem still remains. According to the preliminary estimates from the Plan and Budget Organization, by the end of the current year [20 March 1994] the budget deficit will be R2,139.[9] If we add to this figure the R2,500 billion in Treasury imprest funds and the R3,400 billion in banking facilities these companies received, the scope of the problem becomes clearer.

In the 1373 budget the Majles made some very good decisions on government companies and public institutions. No matter how good the decisions are, however, if they are not implemented or if they do not have good executive officials, all the efforts of the Majles and the government will be wasted. Therefore it is considered necessary to deal with the violator, regardless of his rank.[10]

Footnotes

1. These projects and the amount of their commitments consist of $10 billion in buybacks, $2.2 billion for petrochemical projects, $3.2 billion for the Pars gas fields, $3 billion for the Karun 3, Jariani, Chahar Karkheh and Gavmishan dams, $1.5 billion for the Haft Tepeh, Karun and Kesht complexes and the sugarcane industries, $7.5 billion for investment in the 1369 [21 March 1990-20 March 1991] budget law and $2.5 billion to create added value through the construction of machinery and equipment to produce goods and implement domestic projects.

2. Note 34 of the First Five-Year Plan Law: The Plan and Budget Organization is required to exercise continuous supervision over the operations of the executive organizations and to submit a report to the government and the Majles commissions every six months concerning the progress of operations and their conformity with reaching the designated goals in the Five-Year Plan.

3. After the approval of the first consultation on the budget bill and the setting of a cap on revenues, Mr. Mohammad Khan, minister of economic and financial affairs, again asked the Majles to bring the 1373 budget into conformity with the government's bill (RESALAT 11/17/1372 [6 February 1994]).

4. Some of the decisions the Majles took with regard to the government organizations and companies were the requirement to submit a budget for 16 government and public companies to the Majles for approval, the prohibition on expanding the organizational facilities of government companies, the absolute prohibition on purchasing nonessential and nonadministrative supplies, the absolute prohibition on paying designated funds to employees working abroad, the prohibition on printing calendars, annuals and advertisements offering congratulations and condolences, the prohibition on buying or renting private aircraft, the prohibition on creating representative and administrative offices outside the country, the prohibition on using government vehicles outside office hours, and the prohibition on ostentation.

5. Report from the Supreme Supervision Council in the National Auditing Organization, Tir 1372 [22 June-22 July].

6. Mr. Rowghani-Zanjani: The number of government companies is 400 units. Some 2,000 units have not yet been statistically proven for the government. (RESALAT 9/30/1372 [21 December 1993])

7 and 8. Report from the Supreme Supervision Council in the National Auditing Organization, Tir 1372.

9. According to the latest estimate from the Plan and Budget Organization, the deficit in the general budget for 1372 is R2,139 billion, an increase over the R1,077-billion deficit in the 1371 budget deficit. IRNA (RESALAT 12/18/1372 [8 March 1994])

10. In Part 1 of this editorial the price of the dollar at the end of the year 1372 was given incorrectly. The correct price is R1,610.

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